







Digitized by the Internet Archive  
in 2022 with funding from  
University of Toronto

<https://archive.org/details/31761114680721>











A20N  
C16  
G24

G  
P  
G--



STANDING COMMITTEE ON GENERAL GOVERNMENT

ORGANIZATION

THURSDAY, 11 MAY 1989



STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)

Bryden, Marion (Beaches-Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park-Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Clerk: Carrozza, Franco



LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, 11 May 1989

The committee met at 1017 in room 228.

ORGANIZATION

Clerk of the Committee: Honourable gentlemen, it is my duty to call upon you to elect a chairman. I open the floor for nominations.

Mr Fleet: I move that Mr Elliot be elected chairman of this committee.

Clerk of the Committee: Any other nominations?

Mr McLean: I move that nominations be closed.

Clerk of the Committee: There being no others, nominations are closed. I call upon Mr Elliot to take the chair.

The Chairman: My first duty is to ask for nominations for a vice-chairman. It was previously Frank Faubert.

Mr Fleet: I move that Mr Faubert be the vice-chairman of the committee.

The Chairman: Any further nominations? Nominations are closed. Frank Faubert then is the vice-chairman.

The other piece of business I would like to conduct this morning is I believe that the work of the committee will change a bit from now on, in that we have been referred Bill 119, for example. Possibly we may be talking about the acid rain report.

I have found it beneficial in other committees to have a subcommittee to strike the agenda in conjunction with the House leaders on how the work of the committee will be orchestrated. Because of that, I would entertain a motion for permission to strike a subcommittee. The composition, as I see it, would be one person from each of the three parties plus myself, if that is agreeable.

Mr Fleet: It is agreeable.

Mr McLean: Could I find out from the clerk who our subcommittee member was last time?

Clerk of the Committee: We did not have a subcommittee in the standing committee on general government. This would be the first time.

Mr Fleet: We had so many estimates, with the opposition critics revolving, that it did not make much difference.

Clerk of the Committee: That is quite true.

Mr McLean: I guess I will accept for our party.



The Chairman: I will read the motion into the record. Somebody will have to move this, but the resolution says that this committee compose a subcommittee on business and procedure; that the said subcommittee meet from time to time at the call of the chairman to consider and report to the committee on the business of the committee; that substitution be permitted on the subcommittee, and that the presence of all members of the subcommittee is necessary to constitute a meeting.

Mr Fleet: It will be me from our side. I am wondering if we should take your suggestion as to who it is from your side. Can we do that?

Mr Charlton: What I would suggest is that I will discuss this with my colleague on the committee and we will inform the chairman within a day or so.

Mr Fleet: That would be fine by me.

The Chairman: At this point could I have somebody move the motion, please?

Mr Charlton: So moved.

Mr McLean: I do not know. Sam Cureatz is our other committee member and I would be pleased if he wanted to take it, but if he will not, I will.

Mr Charlton: Just take the same position I took. Consult with Sam and inform the chair.

Mr McLean: We will inform you.

The Chairman: At the first official committee meeting after the subcommittee has met, we will read into the record who the official members of the subcommittee are. I think there will have to be some discussion in all three parties with respect to that before we finalize it, but for today we will call the motion. Does it carry?

Motion agreed to.

The Chairman: The other suggestion the clerk has for us is that the committee at this point direct the clerk to prepare a budget for perusal by the subcommittee and then by the full committee at some later date. Is that agreeable to the committee?

Mr Fleet: It is agreeable.

Mr Charlton: Carried.

The Chairman: Is there anything else?

Clerk of the Committee: No.

The Chairman: I thereby declare the meeting adjourned. Thank you very much, gentlemen.

The committee adjourned at 1022.



CA20N  
XC16  
-G24

STANDING COMMITTEE ON GENERAL GOVERNMENT

ACID RAIN ABATEMENT PROGRAMS

THURSDAY, 15 JUNE 1989

Morning Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)

Bryden, Marion (Beaches-Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park-Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Grier, Ruth A. (Etobicoke-Lakeshore NDP) for Mr Charlton

Marland, Margaret (Mississauga South PC) for Mr McLean

Offer, Steven (Mississauga North L) for Mr Fleet

Smith, David W. (Lambton L) for Mr Callahan

Tatham, Charlie (Oxford L) for Mr Ruprecht

Also taking part:

Charlton, Brian A. (Hamilton Mountain NDP)

Clerk: Carrozza, Franco

Staff:

Yeager, Lewis, Research Officer, Legislative Research Service

Witnesses:

From the Ministry of the Environment:

Giles, J. Walter, Associate Deputy Minister, Intergovernmental Relations and  
Strategic Projects Division

Endicott, Giles, Abatement Policy Co-ordinator, Acid Precipitation Office

Chan, Walter, Co-ordinator, Acid Precipitation Office

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, 15 June 1989

The committee met at 1016 in room 228.

ACID RAIN ABATEMENT PROGRAMS

The Chairman: The chair recognizes a quorum. I would like to bring the meeting to order and begin our morning's deliberations.

What we are addressing this morning is a motion put by the House leader. It reads, "That the standing committee on general government be authorized to review the final progress reports to the Minister of the Environment, of Inco, Falconbridge, Algoma Steel and Ontario Hydro on acid rain abatement programs on 15 June, 22 June and 29 June 1989."

Ms Bryden: Mr Chairman, on a point of order: I would like to register a protest at the fact that an agenda was sent out two or three days prior to this meeting which was not discussed with the steering committee, which represents all parties.

Mr Faubert: You guys never made up your minds who the steering committee was.

Ms Bryden: I want to say that I think in future we must make it a rule that if we have a steering committee, the steering committee must be consulted before any agenda items are sent out. I understand the agenda has now been revised as a result of people pointing out that there were omissions of any of the environmental groups, even though I believe my colleague Mrs Grier had pointed out to the vice-chairman, and the chairman probably, that we wanted those environmental groups invited.

I see that it has been amended now, but I think we should recognize the fact that the steering committee is the one that okays agendas before they go out. We had notified the chairman's office by phone that I was to be the designate from the New Democratic Party.

The Chairman: The chairman accepts the comment and the spirit in which it is given. By way of explanation, I would like to indicate that I personally am taking this as a bit of an affront because I think what has to happen here, if we are going to have a good relationship and meaningful discussion in this kind of a committee, Ms Bryden, I think you have to make the assumption that the chairman is acting with the best of intentions with respect to having meaningful discussion when we are in session.

What has actually happened in this particular regard is that I was approached as chairman of this committee, the standing committee on general government, by both critics of the two parties and asked if I would do what I could—and this was some time ago—to have this particular environmental report scheduled for deliberation by this committee. What you see in front of you by way of an agenda is probably the result of six months of effort, mostly by myself, to accommodate those requests. I think your comment with respect to what all of us who had been talking on a continuous basis about its being a tentative agenda is a bit picayune, and I am accepting it in the spirit it is given.



For the record, I would like to say that I have had a discussion privately with the complainant, Ms Bryden, with respect to what happened when Mrs Grier continued the discussions about this particular report; she had been talking with me for almost six months about it. She is the official critic of your party. I just assumed, in the discussions I had had with Mr Charlton, that as far as I was concerned he still was the member of the subcommittee until I was told otherwise a couple of days ago, and that she was going to be substituting on the committee as she did when we did the estimates and everything else.

I think we have been most accommodating with respect to trying to structure an agenda. As far as I know, in the agenda that is before us this morning, every piece of information that has been given to me by either the third party or the official opposition has been incorporated into it. I think we are going to have three good days of session and will address the reports of the four companies quite adequately because of the input. I would like to thank Mrs Grier in particular for her input with respect to the environmental groups.

Really, in the first official request I got from the people who know the details of this, in their opinion there was no reason in the motion for us to have anybody other than the four companies report to us by way of review. I further discussed that with a lot of people and finally determined—and I hope the committee backs me on this—my prerogative as chairman of the committee is that in reviewing these four companies' reports, as a committee we can call on any group or body that we want. I made the decision finally to incorporate that into the agenda because of that.

I think it is going to be a good deliberation because we will get the input from the ministry this morning. This afternoon one of the four companies will report. On the second full day, the other three companies will report. I am assuming that the Canadian Coalition on Acid Rain and the Energy Probe people will be monitoring these deliberations and we will get a nice reaction from them on the third day. From that, we will be able to go on and in good time the committee will be able to formulate a very valuable and pertinent report.

Ms Bryden: To respond briefly, I just want to say that I appreciate the statement of the chairman and that he has set forth the history and the background. All I was really wanting to register is that if there appears to have been a breakdown in communication, in future the steering committee should be consulted as to who was the member of the steering committee for the New Democratic Party. That is probably why I was not consulted. I appreciate the spirit in which the chairman speaks and am glad that we now have established that the environmental groups and any other groups we choose to invite are able to appear before this committee.

The Chairman: I think we should address the agenda as it has been circulated in its final form this morning. I am going to ask for a motion for approval of this agenda in a moment. With respect to this morning's session, there is one change needed. The information given to the clerk is that Gary Posen and David Balsillie were going to be here this morning. In fact, Walter Giles, the associate deputy minister in the Ministry of the Environment, is going to be the lead spokesman for the Ministry of the Environment. I would like to modify the agenda that you were given this morning, deleting Mr Posen and Dr Balsillie and inserting Walter Giles as the Ministry of the Environment's spokesperson.

My clerk advises me that we need a motion that, unless otherwise ordered, a transcript of all the committee meetings should be made. Could I have someone move that? Mr Sola so moves.

Motion agreed to.

The Chairman: There is another piece of paper that has been circulated to all the committee members. It is a three-part motion that the committee agrees to the agenda set up by the chairman and Mr Charlton, Mr Fleet, Mr McLean and the official opposition critic, Mrs Grier. I will assume that is as amended, as I read into the record a few moments ago.

The second part asks that the committee invite two groups, the Canadian Coalition on Acid Rain and Energy Probe, as expert witnesses to assist the committee in its review.

The third part asks that the committee, having completed its review, write a report to the Legislature with its conclusions and recommendations.

Mrs Grier moves the three parts.

Motion agreed to.

The Chairman: I am going to ask the Ministry of the Environment people to approach the table. Is there any comment that anybody on the committee would like to make before we do that, because the format for this morning will be that Mr Giles will give a presentation and I would imagine there will be some comments and questions with respect to that presentation.

We propose to use all of this morning's session or as much of the morning as is necessary for the Ministry of the Environment. I am going to adjourn at 11:50 am because I have been told that there is almost surely going to be a vote this morning in the House and we will be back in time for that. Unless I am directed otherwise, that is what I propose to do.

Mr Giles, would you and your associates approach the table, please. I would appreciate it if you would introduce for the record each of the people who are sharing the table with you.

I would like it to be relaxed here. I would imagine you would want to complete your presentations before questions. When we get to the question stage, sometimes there are supplementaries and I would like the line of thought to be pursued without interjection by the chair all the time, so the main idea is to get to the root of the particular concern that is being discussed. With that background, I would like you to introduce your associates and give your report.

#### MINISTRY OF THE ENVIRONMENT

Mr Giles: On my right is Dr Walter Chan, who is the co-ordinator of our acid rain program. On my immediate left is John Robertson, district officer in Sudbury, who acted as chairman of the technical committee that reviewed the metallurgical reports. Next to him is Giles Endicott, who is the abatement policy co-ordinator in our acid rain office.

We have with us in the room as well colleagues from the Ministry of Energy who are quite prepared to field questions regarding the electricity



systems planning. I would just identify them now as Cliff Jutlah, manager of the electrical section liaison and planning branch. With him is John Lang, adviser on electricity from the same branch.

We thank you for the opportunity to report on Ontario's Countdown Acid Rain program at an important milestone in its history. First of all, the program is on track. Each of the four major stationary sources of acid gas has indicated in the reports how it can reach the 1994 emission levels specified in the regulations, using the technologies and methods proposed.

A brief review of the background might help to set the stage for the committee's consideration of the reports.

Within North America, Ontario's acid rain program should be seen as one element in the emission reductions required to sustain and enhance the natural and urban environments.

Within the eastern half of Canada, our countdown regulations met and exceeded the previously negotiated levels in the 1984 federal-provincial agreement to cap SO<sub>2</sub> emissions at 2.3 million metric tonnes by 1994. This agreement covers the seven provinces east of the Manitoba-Saskatchewan border. Ontario had agreed to cap emissions of SO<sub>2</sub> at 1,030,100 tonnes by the year 1994, but the countdown program brought in in 1985 capped Ontario emissions at 885,000 tonnes by 1994.

#### 1030

In Ontario, the strategy was to regulate each of the four major acid gas emission sources. The Countdown Acid Rain regulations were passed in December 1985 and established specific emission limits and schedules for the Inco and Falconbridge smelters in Sudbury, the Algoma Ore division's iron ore sintering plant at Wawa, and Ontario Hydro's fossil-fuelled electricity generating stations across the province. Together, these four sources contribute over 80 per cent of Ontario's sulphur dioxide.

The new legal limits came into effect in 1986 and will reach the regulated cap by 1994. In the case of Ontario Hydro, interim limits were also established, effective in 1990. Both sulphur dioxide and nitric oxide are regulated for Ontario Hydro.

Copies of the three CAR regulations governing Inco, Falconbridge and Algoma are attached to the report on the metallurgical companies as an appendix.

An important part of the strategy was to require progress reports every six months, culminating in a report at the end of a three-year research and planning phase which would show exactly how the emission reductions would be accomplished by each of the companies. Each of these reports was received as required, and to date the emissions of acid gas have been within the legal limits imposed.

The detailed company reports have been reviewed by technical experts within the Ministry of the Environment and by a wider interministerial committee. In the case of Ontario Hydro, a joint review by the ministries of the Environment and Energy is reported. Two review reports have been prepared, one covering the metallurgical companies and another dealing with Ontario Hydro.

Meanwhile, the actual abatement work has been proceeding. Ontario Hydro has developed and submitted an environmental assessment report on its flue gas desulphurization plan. This submission outlines the request for authorization to install SO<sub>2</sub> scrubbers at the large coal-burning plants. Hydro has subsequently reported that the first pair of scrubbers is slated for Lambton in 1994. Hydro's program of installing low-NO<sub>x</sub> burners has also been ongoing, and technical changes are being made to permit the burning of low-sulphur coal.

Inco and Falconbridge have been testing, refining and installing new equipment to allow them to meet their emission limits. Algoma has been using lower sulphur feed as well as maintaining a much lower level of production than previously.

Let me now turn to the two government reviews of the reports from the four major acid gas emission sources.

The review of the three metallurgical companies discusses the general acid rain picture, with which you are already familiar, and then goes on to present a summary of each company's report in the left-hand column. The government's response is in the right-hand column.

The countdown regulations do not specify particular technologies which must be used, but we wanted to be sure that what is proposed is reasonable and technically sound. The operation of the plants and abatement equipment remains the responsibility of the companies.

Inco: Inco's regulation required the company to limit its SO<sub>2</sub> emissions to 685 kilotonnes per year, effective in 1986, and to reduce them to a maximum of 265 kilotonnes by 1994. The company was also required to examine and report on the economic and technical feasibility of reaching 525 kilotonnes by 1990 and further reductions before 1994 and, further, on reaching 175 kilotonnes at an unspecified date. In other words, the 265-kilotonne level is a must and the other numbers are "Show me why not."

In view of the complexity and the large scale of what Inco is doing, we have accepted the company's argument that interim reductions are not feasible in the short term. The very nature of the operation is being changed at the smelter, so what is important is to ensure that the emissions are reduced to the regulated level by 1994. The company reports that some reductions will take place towards the end of this period, before the main reduction occurs.

Further emission reductions beyond 1994 are a somewhat different story. In particular, the government review requests additional information from Inco on the capture of SO<sub>2</sub> from the fluid-bed roasters, as had been addressed in a technical consultant's report for Inco. As the review notes, "A preliminary review of company documents indicates that capturing FBR gases remains technically feasible, and the reviewers believe Inco should provide more information and discuss it with the ministry."

The review also points to the company's conclusion that future SO<sub>2</sub> fixation would likely come from flash converting of bulk concentrate matte, which is an area Inco is investigating. The reviewers indicate that Inco should provide a schedule for the research program in this promising area.

The new acid plant is at the centre of the scrubbing of the process gas, although our American critics do not like the use of the word when it is applied to smelting operations. Most of the sulphur dioxide which is captured



is converted to sulphuric acid at the acid plant. The reviewers have noted that the location of the plant and the new load-out facilities will eliminate the need for a long sulphuric acid pipeline to the existing plant, which they consider to be an improvement.

The new acid plant must be able to handle not only the new sources of SO<sub>2</sub> arising from the changes in the smelter complex but also the peak daily volumes in conditions under which all possible gas capture systems are operating. The review notes that sufficient detail should be provided to demonstrate this when certificates of approval are issued by the ministry.

The review also refers to a letter written by the then deputy minister on 5 June 1986 which set out a list of items to be considered in the reports from the companies at the end of the three-year research and planning period. Inco's report was found to have generally responded to the letter, but some deficiencies were noted.

Some of the information requested was predicated on the assumption that Inco would be applying for money from the federal-provincial capital assistance fund which was announced in 1985. Inco has not, however, applied for money from that fund.

I will not go into further detail at this time on the Inco report, but I think I have covered the main points.

With respect to Falconbridge, also located in Sudbury, the Falconbridge smelter complex in Sudbury is required to reduce its SO<sub>2</sub> emissions to the regulated level of 100 kilotonnes per year by 1994 and to investigate and report on the economic and technical feasibility of reaching a lower level of emissions. No number is specified, but the requirement of the regulation is clear.

The company's basic approach is to improve upon methods of SO<sub>2</sub> control which are already in place. Their report says that these improvements will allow them to reach the 100 kilotonnes at full production levels. Further refinement should allow Falconbridge to reach a level of 75 kilotonnes, and still further developments should decrease emissions even more.

The government reviewers noted that further reductions were in the company's plans. They were, however, concerned that reductions below the 100-kilotonne limit were apparently being postponed for economic rather than technical reasons. Falconbridge is asked to provide more detailed information, and the reviewers recommend that consideration be given to lowering the SO<sub>2</sub> fixed emission limit in the next phase of the countdown program.

For reductions below the 75-kilotonne company target, technical developments aimed at increasing pyrrhotite rejection and the degree of roasting hold the promise of total future SO<sub>2</sub> emissions in the 35- to 40-kilotonne range, according to a rough estimate made by the review team. The reviewers ask for more information, and recently the company has responded in writing agreeing to provide an estimate, while recognizing the potential for error based on matters which require considerable further research.

The review notes that Falconbridge will be using a single-contact acid plant process, whereas a double-contact acid process would increase the conversion of SO<sub>2</sub> to sulphuric acid. No economic or technical justification was given for the company's choice, and the review says it should be provided.

The reviewers had difficulty in cross-referencing cost estimates of planned changes and improvements and noted that some repair and maintenance costs appear to have been included in the capital cost estimates.

Falconbridge has not requested money from the federal-provincial capital fund, but has requested some research funding from existing federal programs for research. The ministry is supportive of this request, particularly since this success in the company's research could lead to earlier implementation of SO<sub>2</sub> abatement below the 100-kilotonne level required by the regulation.

Falconbridge received the same letter as Inco from the then deputy minister in 1986 and responded to most of the items listed. The reviewers noted, however, that socioeconomic issues were not discussed in the company report as requested, and that some other items were inadequately addressed.

#### 1040

Turning now to Algoma, in Wawa, for the Algoma Ore division sintering plant at Wawa, which is now owned by Dofasco, the regulation required a reduction of SO<sub>2</sub> emissions to no more than 125 kilotonnes per year. After the regulation was passed, the company cut sinter production from about two million to 0.9 million tonnes per year. This was a permanent change, resulting from poor economic conditions unrelated to emission controls.

Consequently, emissions dropped to levels well below the 1994 legal limit and the reviewers recommend that consideration be given to lowering the 1994 limit to better reflect this situation.

The company has also been using ore with a lower sulphur content and has been mixing in low-sulphur mill scale purchased elsewhere. This has the effect of lowering the total SO<sub>2</sub> emissions from the sintering operation. The reviewers have requested more detail from the company about the potential for further lowering emissions by this means. The review states that the permanency of the plant's downsizing should be confirmed and that the company should be advised that any process change or changes in annual sinter production should go through the ministry's certificate-of-approval process.

It was also noted that the company has not quantified social impact details and that future changes should include a socioeconomic analysis.

Finally, turning to Ontario Hydro, the review of Ontario Hydro's report appears in a separate volume. It is entitled simply A Review of Ontario Hydro's Acid Gas Plan and, as the cover says, it was prepared jointly by the Ministry of the Environment and the Ministry of Energy.

Hydro was given a three-year research and planning period similar to that given to the metallurgical companies. Semiannual progress reports and Hydro's detailed final report for this phase were received on time, and Hydro's acid gas emissions have been below the regulated limit in each year.

The original Countdown Acid Rain regulation was amended in 1987, as you may recall, and so-called emission banking provisions were removed. The formal requirement for semiannual reports was added to the revised regulation, although the corporation had been voluntarily complying. No changes were made to the emission limits or their effective dates. The text of the current regulation appears as an appendix to the government review.

The sulphur dioxide limits in the regulation require Hydro to meet a



limit of 370 kilotonnes for 1986, 1987, 1988 and 1989, a lower limit of 240 kilotonnes per year for 1990 through 1993 and, finally, 175 kilotonnes per year for 1994 and thereafter. This may be compared to Hydro's actual emissions of 396 kilotonnes in the base year of 1980 and to Hydro's peak of 450 kilotonnes in 1982.

The regulation also places a limit on the total sulphur dioxide plus nitric oxide.

A so-called emission bubble encloses all of Hydro's fossil-fuel generating stations in the province, and the regulation places a permanent limit on the size of the bubble, regardless of any future increases in electricity demand.

Hydro's plan, as outlined in the report, is to meet the acid gas limits by using a variety of methods, including the installation of flue-gas desulphurization equipment, or scrubbers, on its coal-burning generating stations. The first two scrubbers are due to be in service at the Lambton generating station near Sarnia in 1994.

Scrubbers are a necessary part of Hydro's abatement plan to ensure that Hydro is able to meet the acid gas limits while still providing adequate power supplies. The reviewers recommend that Hydro should be given approval now to install the first set of scrubbers at Lambton, subject to the final approval of its environmental assessment and approval of the detailed plans for the site.

The review is critical of the lack of information on the extent to which other parts of Hydro's planned program will be used in limiting acid gas emissions.

In particular, the Ministry of the Environment has a direct and obvious bias towards conservation, since power which is not generated practically eliminates all the associated pollutants. The reviewers question the way in which Hydro has calculated the costs of conservation and efficiency measures compared to the costs of other options, including scrubbers. The method of costing may have led Hydro to a low estimate of the conservation potential. The review notes the discrepancy between the 2,000 megawatts of incentive-driven conservation plus 1,500 megawatts of information-driven conservation planned by Hydro, compared to the 6,000 megawatts of peak power reported by a Hydro consultant as being economic through cost-effective conservation measures. The same criticism is made for the costing of nonutility generation and for greater use of natural gas. The review makes the point that more thorough analysis of a range of possible strategies for using natural gas should be considered.

These questions about the nonscrubber part of Hydro's abatement plans are recognized to be matters of demand-supply planning, as well as being matters related to acid rain. Consequently, the reviewers suggest that Hydro should provide more detailed information in the context of the upcoming demand-supply plan, expected in the fall of 1989, which will have public hearings as part of that process.

Some of the information requested in a 1986 letter from the Deputy Minister of the Environment was not included in Hydro's report in the required detail. The review recommends that Hydro should supply this information. There is an appendix indicating the information requested.

A number of other comments were made by the reviewers which I have not covered in these introductory remarks, but I will let the review speak for itself. I also note that Ontario Hydro will later be making a presentation to you, so I have not gone into great detail on its report.

I will not take up any more of your time on this presentation. However, my colleagues and I will be pleased to answer any questions that you may have.

The Chairman: Thank you very much. Marg Marland caught my eye first, and then David Smith. Mrs Grier will be next and we will go sequentially from there, with Ms Bryden following.

Mrs Marland: Have you any feeling why Inco is not applying for the money from the federal-provincial capital assistance fund? When we were at Inco, I asked the question, because I still find that surprising. It is not a major issue to discuss here this morning, but have you ever had any feeling why they are not using that fund?

Mr Giles: I can recall that in the early days of discussion the Inco chairman made it clear that he did not really think it was appropriate to use tax dollars to help the company achieve its goals. The only reason the fund was established in the first place was that government was requiring companies to do something that they may or may not have had in their economic planning for the immediate future. It was on that basis that the federal and provincial governments set up the fund. I believe that the decision made by Inco is consistent with what it had already stated was its belief, but obviously you will have the opportunity to ask the Inco representative later.

Mrs Marland: Thank you for that answer. The most important question on your report that I am going to ask you about is Hydro, not the least reason being that I have the Lakeview generating plant in my riding. As your report addresses on page 10, in the second paragraph, you are reconfirming the fact that the first pair of scrubbers is due to be put into service at the Lambton generating station near Sarnia in 1994.

As I recall the Hydro report, there are no further scrubbers until the year 2000. I have asked this question in the Legislature about the concern of the Liberal government in its relationship with Hydro. Why are we saying it is okay for Hydro at this point to promise only one pair of scrubbers? Recognizing the cost of scrubbers and the amount of time it takes through the environmental process to have them approved and then built, we need a great deal of lead time to have scrubbers put in place.

Fortunately for any government, knowing that the public is now at the point where it is willing to pay towards the cost of environmental protection—namely, surveys have been conducted quite extensively by environmental and other groups whereby it is now confirmed that the public would be willing to pay more for electricity—as surprising as it is, recognizing that the public complains about the cost of electricity, nevertheless the public would be willing to pay more for electricity if it was sure that whatever percentage was added to the hydro bill was going to be allocated specifically for environmental protection.

Can you tell me why it is that your ministry, and therefore the Liberal government, currently is not taking a stronger position in insisting that Ontario Hydro does have more intensive plans for protection, bearing in mind that it has eight coal-fired thermal units in this province? In particular, there are no plans whatsoever now for scrubbers at Lakeview, although three



years ago there were not only plans for scrubbers at Lakeview, there were in fact two scrubbers there on an experimental basis.

1050

Mr Giles: I guess the answer that I could give would be not necessarily on behalf of the Liberal government but my interpretation as a civil servant of what I may be observing.

First, the requirement that was put on Hydro was to meet a target level by 1994, which is what it has indicated it can do by installing two scrubbers at Lambton, one of its largest plants. Beyond that, in the environmental assessment, they are obviously dealing with the entire range of potential for installation of scrubbers down into the future. It seems quite clear from what we know now that in order to maintain that level of emissions as a cap from 1994 and beyond, there will be the need for additional scrubbers, so that is contemplated in the environmental assessment itself.

I think the whole discussion of demand-supply that will be coming up in the fall is going to centre on what can be accomplished by a variety of means. There is a variety of ways that Hydro can achieve reductions in emissions and at the same time continue to supply energy to the increasing demand that will undoubtedly be there.

Mr Endicott: If I could add to that, I think maybe there is some misunderstanding. Hydro's plan does call for more than the two scrubbers. They have a schedule: one pair of scrubbers in operation in 1994 at Lambton, a second pair at Lambton in 1996, two more in 1997 at Nanticoke and another pair at Nanticoke in 1998. I think you mentioned that no more were planned until the year 2000. That is not what the Hydro report says. They have eight scrubbers scheduled.

What we are suggesting is that the first two at Lambton be approved right now, because there is some urgency, and then go from there.

Mrs Marland: I accept that. As a supplementary, the Lakeview plant in Mississauga South is totally surrounded by dense residential population in the immediate environs, plus the lake totally on the south side. There are no plans for scrubbers at Lakeview. As the watchdog for the environment in my community of Mississauga South, I am interested to know what the position of the ministry is about Hydro's decision about Lakeview.

First of all, instead of beginning to mothball that plant, which was the plan a few years ago, I understand they are now considering spending money to rejuvenate it. In the rejuvenation and the increase in the use of the plant, is the ministry content that there are no plans for scrubbers?

In your presentation this morning you talked about the emission bubble being a regulation that places a permanent limit on the amount of emissions overall. You said that was regardless of any future increases in the electricity demand.

I am just wondering how it is possible to make that requirement, regardless of future increases in electricity, because there are obviously going to be increases in demand for electricity in the future. Could you respond to the question about how you feel about Lakeview being allowed to increase its productivity and yet there are no plans whatsoever for scrubbers there? Why are the scrubbers going in all these other locations first, and are you happy with it?

Mr Giles: You made reference to the urban area surrounding the plant. As far as I know, Hydro does meet the ambient requirements in the neighbourhood of the plant for the pollutants that may be emitted from the stack. In that sense there is, as far as I know, not a problem with respect to the local conditions.

The overall objective, of course, of the Countdown Acid Rain program was to reduce the total emissions from all of Hydro's plants collectively, and it was given the option of choosing where it would make those reductions. The demand side is obviously that which will be addressed in the fall, but I think it is quite clear that it has been intended from day one that there should not an increase in SO<sub>2</sub> as demand goes up.

This is a difference that I think we have in Canada from the American approach, where by regulating the amount emitted per million BTUs, unless they do something else, they are not putting a cap on their emissions in the United States. That is of concern to us. In Ontario, and in particular with respect to Ontario Hydro, it is clear that it will have to find the ways of not exceeding 175,000 tonnes of SO<sub>2</sub> by 1994 and beyond.

Mrs Marland: Just to repeat my question briefly, Mr Chairman, I am asking the ministry if it is content that there are no plans for scrubbers at Lakeview specifically, because—

The Chairman: As chairman, could I interject there? I think you are asking an opinion of the ministry officials that they cannot give, because you are in the area of policy here. My understanding is that from this afternoon on, the parliamentary assistant to the minister will be substituting on the committee. I really think that kind of question of judgement and "How do you feel about things?" is not appropriate to ask of the ministry officials. You are putting them in conflict with their bosses if they answer that.

Mrs Marland: I do not want to put them in a difficult position, but the parliamentary assistants are just the same as we are. They do not know any more about this, technically, than we do, and I say that with respect. I do not expect either the minister or the parliamentary assistants to be the authorities that our ministry staff are, because we all come from various backgrounds of experience and expertise.

I do, however, expect the ministry staff people, with their knowledge and expertise, to be in the position they are, because they truly advise the government. They truly advise the minister and the parliamentary assistants. I want to put out that as a result of my personal insistence, we are now going to have cold-start and intermediate-operation testings for emissions at Lakeview.

I appreciate the fact that the ministry has supported my request and consequently Hydro has allocated money for that particular testing. Then we will know, Mr. Giles, whether the local area is as safe as we hope it is. That is going to be established by a test. But when you advise your minister, are you put in a position where—somebody has to advise the minister, and somebody has to say it is okay for Hydro to say it is going to put scrubbers here and there around the province but there still are no scrubbers planned for Lakeview, which is in the most densely populated location compared to those other locations.

From a professional point of view, who in the ministry would accept that kind of decision by Hydro, recognizing that Hydro is independent and arm's-length and all that good stuff?



Mr Chan: I just want to mention that in Hydro's January submission, which specifies eight units of scrubbers, it does not preclude the possibility of adding additional scrubbers. In the environmental assessment which they submitted to the ministry, it was a general submission and potentially could include up to 20 units.

You also notice that in our ministry's response to Hydro's submission in January we are approving the first two scrubbers in Lambton, but we are asking for more information from Hydro, which hopefully would come out from the September demand-supply planning process. With the additional information, we will be able to assess what is best for the long-term planning.

1100

Mrs Marland: I am going to yield the floor because I do not want to be unfair about the time, but I do have questions, if you can put me back on after other speakers.

The Chairman: Yes. Mr Smith is next, then Mrs Grier.

Mr D. W. Smith: I am glad Mrs Marland talked a bit about Lambton. It is a great place to go and live and tour around. We want to keep it as blue as possible down there—the water, that is.

I had a couple of short questions of the gentlemen here. I wanted to know roughly, in your opinion, what these scrubbers may cost and how much it might add to the consumer's hydro bill generally across the province. I will wait for the answers, and then I have another short question after that.

Mr Chan: If I remember, the typical scrubber cost would amount to \$1.3 billion for the eight units. The overall Hydro plan would bring about a rate increase at a maximum of 2.9 per cent in the late 1990s.

Mr D. W. Smith: When you say the eight units, that is, just two at Lambton, and then there are six in other places.

Mr Chan: Four at Lambton and four at Nanticoke; four and four.

Mr D. W. Smith: Okay. Since Mrs Marland was talking about Lakeview, is there a different type of coal used at Lambton as compared to Lakeview? I understand there are some coals that have higher sulphur content than others. I just wonder if that is part of the reason they may have decided to start in Lambton.

Mr Endicott: Yes, you are right. There is a difference in the coals. Nanticoke station mixes its coal and has a special operation to do that. The Lambton station uses the higher-sulphur coal and also is on line a greater percentage of the time. When you are considering putting on a scrubber, for economic reasons, you go for the high-sulphur coal and you go for the plant that operates more of the time. I am second-guessing what Hydro's reasons are, but it makes good sense for it to do that.

Mr D. W. Smith: How much different would the output be of the Lambton generating plant as compared to the Lakeview plant, for instance? Is there much difference?

Mr Endicott: Yes, the Lakeview plant is used only for peaking purposes in current times. All the coal plants tend to be used for peaking purposes.

Mr D. W. Smith: When you put these scrubbers in place and they are working, is there any recovery of costs? Do you gain a product that you take out of the air, I guess, that you can sell to some other plant or process? What do they do with the product that they take from going up into the air? Are there any recovery there?

Mr Giles: As I understand it—and this is something I am sure Hydro will be able to elaborate on this afternoon—one of the options it is examining is the making of gypsum from the byproduct of the scrubbing process, if they were to use the wet scrubbing. So, yes, there is.

Mr D. W. Smith: Is it a very small recovery?

Mr Giles: I am not familiar with the cost-effectiveness of that recovery, but perhaps this afternoon you might ask the Hydro people.

Mr D. W. Smith: We are certainly pleased that Ontario Hydro is going to start down in Lambton. I will stop my questioning at that point.

Mrs Grier: I have a large number of questions. You will probably want to cut me off before I am finished, so I will just start generally.

Mr Giles, in reviewing the previous reports at the end of every six-month period, I see a continual reference to "This should be addressed in the final report," or "More information is needed on the other," or "We expect to get further details later." I am a little disturbed today, when we finally get to the evaluation of the final report, still to hear "There is further discussion required" and "They need to address this."

My question is, how long do we go on? Is it a never-ending process? Given that it is now four years since Countdown Acid Rain was announced and December 1988 was the final date for the final reports, why are there still questions that are unaddressed?

Mr Giles: Yes, there are questions that are not completely addressed, shall we say, and some that are not addressed. These, of course, we have pointed out in the review. Some of them are things which can be addressed still, and in a timely way. We feel others perhaps should have been addressed by now. But I think the key thing about the four reports we have is that we are satisfied that all four companies are able to meet the regulated requirement for 1994. We are able to recommend approval for that much. There are obviously still some bits of information that we would like to have.

Mrs Grier: When we began the process, I think we all, the ministry included, hoped that, while 1994 was the target date for meeting the levels that had been set in the regulations, we would see continual progress towards those limits before 1994.

I think I heard from some of your comments today that in fact that is not going to be achieved. They are looking at 1994, they will do it by 1994, but some of the interim measures which had been hoped to have been in place so that we could lower the emissions long prior to 1994 have been dropped from the program or the implementation.

Mr Giles: No, the requirements that were put on Ontario Hydro, for example, have been met. They were to make reductions by 1986. This has been done, and they are now on a lower level. Falconbridge's current emissions are actually below the 1994 level now. Inco has been coming down, as well. I think



we have been seeing a declining production of SO<sub>2</sub> from our plants. Again, Algoma is below.

There has been this decline, but I think the requirement in the regulation, for Inco in particular—that is the reference you are making—was for it to examine the possibility of making earlier cuts. We believe they will in fact achieve the objective before 1994, but they have demonstrated to our satisfaction that they cannot achieve the number that was mentioned in the regulation by 1990. We accept that because of the extensive changes that are required in the smelting process for them to be able to reach their target level by 1994.

Mrs Grier: I think we all hope that 1994 is one plateau and that after that we will begin to look at the next plateau, to go up or down; anyway, further reductions in the future. I am wondering, in your consideration of the technical changes and processes that are included in these reports, what is your opinion as to the possibility of further reductions beyond 1994? In other words, are they putting in place things that will reach the 1994 objective but will then require another major technical change in order to get to a lower limit beyond that?

Mr Giles: Certainly in some cases it is an improved performance with the technology that they will be installing that appears to have promise to make further cuts. As far as we can tell, there will be some research required for some of the companies to be able to go below the levels of 1994, but they are undertaking that research with a view to ultimately being able to achieve even lower limits than were imposed for 1994.

Mrs Grier: Okay. Given the acceptance of these reports and the implementation of them by the four companies, what does your ministry do next? Do you say, "Job completed. We will wait for 1994, when it is all there"? How do you intend to go beyond 1994, and when do you begin that process?

Mr Giles: I would say that, again, we will be getting further information from the companies, and from Ontario Hydro in particular, with the demand-supply study that is coming along. We would obviously take a very close look at these, continue to monitor what is happening in the plants, the progress that is being made and the changes in the processes at the plants. Certainly, we would listen to advice from this committee and other advisers as to what might be sensible in the case of each of these companies.

I certainly think every one of them has a desire, in the long run, to go as low as it can. That is a clearly stated fact on the part of the companies themselves. At various meetings I have attended, they have said publicly that this would be their desire.

1110

Mrs Grier: I understand the concentration on the four companies, but I think I am right in recalling that when Countdown Acid Rain was announced, there was at least reference made to lesser sources and the need to come to grips with the lesser sources, which in themselves cumulatively contribute a fair amount to the problem.

I am disappointed that there has not, in the final report of Countdown Acid Rain, been any reference made to progress on that count. I am wondering where you stand on that and when we might expect some new initiatives in that respect?

Mr Giles: At the time, a regulation was brought in limiting the amount of sulphur in fuels that were to be burned in any new boilers that were established, and clearly that was our strategy to try to contain and restrict the amount of SO<sub>2</sub> that would come from all other sources. Also, as new applications come in for certificates of approval, we are expecting the best available technology to be installed and requiring that it be installed. So it is through those kinds of methods that we anticipate being able to stay within the 885,000 tonnes from 1994 on.

Mrs Grier: But you are not going to address existing sources that do not require new certificates of approval or that have not changed what they are burning, that were in effect when countdown started?

Mr Giles: When the clean air program comes into effect, it will have an influence on what happens in existing plants. But in terms of the strategy for acid rain, we have not seen, at this point, the need to be more restrictive on some of these other existing sources, because we can achieve what we have set out to do without—this is one reason why we targeted the four that we did. Many of the industries are already achieving pretty good containment of the sulphur in the fuels they burn and the cost-effectiveness of imposing greater reduction requirements on those industries, compared to what can be achieved by the four larger ones, was deemed at the time to be unnecessary or not worth while.

Mrs Grier: When do you anticipate the clean air program will be in effect?

Mr Giles: I am not positive of when the clean air program will be in effect. We are certainly leading to regulation drafts, a green paper being published and further discussion on the whole program, but it is within the next few years that we expect CAP to be in place.

Mrs Grier: A few years?

Mr Giles: Yes. It takes time.

Mrs Grier: It sure does. Can I try one more tack or do you want me to relinquish?

The Chairman: I would like you to shorten it up as much as you can. I have five more people waiting.

Mrs Grier: Let me try one more tack and then I will leave it.

I think I am right in that the deposition targets on which Countdown Acid Rain was based were 20 kilograms per hectare? Is that right?

Mr Giles: Annually, yes.

Mrs Grier: Is it not the case that since that level was included in Countdown Acid Rain, many other jurisdictions and in fact overall attitudes to what the earth can bear have changed and that level is significantly lower in states like Minnesota and Wisconsin? I think they are down to 11 kilograms per hectare per year. Are you satisfied that this target of 20 kilograms per hectare per year is adequate?

Mr Giles: At the time it was set, it was quite clear to all of us that this was a level which would protect all but the most sensitive areas and



that was clearly stated at the time. It was a level at which, based on observations we had at the time of levels of deposition across eastern Canada, we were satisfied we did not see severe damage, as long as we were down in the 15 to 20 range and we saw it only in the very sensitive sites. At the time, it was a policy judgement made by the ministers in eastern Canada that we would live with that amount because we were attempting to negotiate with the United States, which we expected to achieve reductions that would also help us to get to that point.

We now have a further 10 years' accumulated science which is indicating to us that there are perhaps areas where we should seriously consider lower levels. I guess the judgement call that I anticipate will have to be made in the near future is going to be, what will have been accomplished by the Canadian and the US programs? If and when we see the US program coming in and we make the calculations, it may well be that we will actually be below the 20 kilograms per hectare. Then the question becomes, how far must you go in order to protect all the sites?

Mrs Grier: What are we at now?

Mr Giles: In deposition?

Mrs Grier: Yes.

Mr Chan: In the Muskoka area, we are talking about 24 or 25 kilograms per hectare of wet sulphate per year.

Mrs Grier: We know that what we are getting now is destroying the maple trees, destroying lakes, having health effects, and I have your own minister's speech to a US group on how dangerous it is to human health to have these depositions. But even with all of this, are you telling me that by 1994, we will have reduced from 24 kilograms per hectare to 20 kilograms per hectare, and we think that is good enough?

Mr Giles: Providing we have some American reductions as well. We do still need the American reductions to reach the 20 kilograms per hectare.

Mrs Grier: Do you mean that without American reductions we will not have reached the 20 kilograms per hectare?

Mr Giles: No.

Mrs Grier: Do you not find that appalling?

Mr Giles: We have said that. This is why we have been going after the United States to make reductions as well. It has been clear from day one that we could not achieve it all by ourselves.

Mrs Grier: But if we think that 20 kilograms per hectare is what we have to achieve to protect the most sensitive, let alone the average, piece of ecosystem, and we have known until this week that there has been no indication of any US reduction, if what we really want to do is protect those most sensitive areas, should we not have targeted our level at something much less than 20 kilograms per hectare per year?

Mr Giles: Our level was based upon a calculation of the share of the deposition that was falling. Was it Ontario, was it a neighbouring province, was it US? We accepted the 20 kilograms per hectare as a basic objective in

the beginning. I certainly agree that we have to re-examine the numbers, and I think we have to make additional calculations based on what we will actually see being achieved by programs that are announced.

Mrs Grier: So, our goal bore no relationship to the goal required to protect the environment or preserve the earth. It was merely what we thought was our mathematical share of the deposition that we were now getting.

Mr Giles: The goal that was set was based on what, at the time, based on empirical observations across eastern Canada, we thought was a protective level. Yes, we were negotiating at the time with the United States, and I am talking 1980-81 when I am speaking of this. We made a decision based on the fact that roughly half of what was falling in eastern Canada was of American origin. What we have been saying to the Americans from day one was: "You will have to cut by half what comes across the border. We will cut by at least half what is falling in Canada."

The Chairman: Thank you very much. I have allowed both critics substantial time, I think, relative to what we have available to us. There are five people on the list, so I would appreciate it if we keep that in mind from this point on.

1120

Ms Bryden: I know it is very recent, but President Bush's acid rain announcement on 12 June puts a somewhat new picture on the whole question of controlling emissions jointly in the two countries and does forecast some sort of accord being drafted and signed, we hope, in the next few months. Has your review committee had time, or is it considering undertaking a supplementary review of our Countdown Acid Rain program in the light of the proposals set forth by President Bush?

Mr Giles: At this time, we are still waiting for the details of exactly how the program would be achieved. Of course, we recognize that it will only be achieved when legislation is passed in Congress, so there are some significant steps yet to come before we will actually know what the program in the United States will be.

We do have modelling attempts that would try to explain to us what we might see achieved in the way of reductions at different sites across Canada, depending on where the reductions actually take place in the United States. Yes, we do keep an eye on what the potential is for the different programs. We have done this as each new bill came along; we would take a look at it and ask our modellers, "What can you tell us about the benefits of that particular piece of legislation?"

Unfortunately, the detail is not there yet for us to determine what might be the impact of the Bush announcement, but clearly, it is a significant amount of reduction if it is achieved.

Ms Bryden: I recognize that Countdown Acid Rain is based on the principle that the polluter should pay, but I notice that in your reviews you note that several of the companies did not give you a socioeconomic review, which might include a consideration of their profits or profit prospects or their ability to pay. Particularly, you mention that Falconbridge appeared not to be considering steps that might produce further reductions, and it appeared to be mainly the economic issues, rather than the technology, that were holding them back. Are you going to be asking for more socioeconomic reports from all the companies to indicate their ability to pay?



Mr Giles: We would still expect the reports that had been requested in 1986. We were simply pointing out that in the report provided by Falconbridge it had not met our expectations in terms of the kind of information we think should be provided. We are pointing out again that we would still like to see that information.

Ms Bryden: Why has neither Falconbridge nor Inco applied for money from the federal-provincial capital assistance fund announced in 1985? You mention that in your review.

Mr Giles: I think that is perhaps an appropriate question for both companies, but my understanding is that certainly the chairman of Inco at one point said he did not think it was appropriate for taxpayers' moneys to be spent by a company, if it could be avoided. We only brought it in because there was a feeling that we had imposed a requirement on the companies that might not otherwise fit into their financial planning and requirements.

In both cases now, with Inco and with Falconbridge, I think it is clearly their intention to carry out the capital investments within their own financial plans and not call upon the capital fund that had been announced by the federal and provincial governments.

Mr Tatham: On page 10 you comment, "The reviewers question the way in which Hydro has calculated the costs of conservation and efficiency measures compared to the cost of other options." Could you expand upon that, please?

Mr Giles: Mr. Endicott, would you like to respond to that question, please?

Mr Endicott: Okay.

Mr Tatham: You talk about a "direct and obvious bias towards conservation." Are they not in favour of it or are they not doing it properly? What is going on?

Mr Endicott: The question relates to the methodology Hydro is using in calculating the costs for the various options it proposes. Hydro has targets built into its plan for conservation and nonutility generation. They assign zero cost for acid gas control to those targeted levels. Then, beyond those targeted levels, they assign the full cost to acid rain control.

Our criticism is that we feel they should do the comparison based on the incremental cost of, say, measures for all the different proposals that they have; that is, you should compare the incremental cost of incentive-driven conservation with the incremental cost of scrubbers or the incremental cost of backing up with natural gas and so on, all the measures they proposed. We felt that they did not give us a comparison that was as meaningful as incremental cost comparison would be. So we asked for that information.

Mr Tatham: What conclusion did you draw from that; that they are not in favour of conservation?

Mr Endicott: No. The conclusion we drew from that is that they might have underestimated the amount of conservation which was economically available. If you have wrongly costed one of the elements in the plan, then it may not get its proper balance in the whole thing. That is our concern. With respect to conservation, we felt that if it had been costed in this other way,

it might have shown that more conservation is possible. In that respect, we obviously do have this bias in the ministry as far as conservation is concerned.

Mr Tatham: That makes sense. What about the coal supplies, the low-sulphur or high-sulphur coal? Where do we buy it? Is it available? If there is lots of low-sulphur coal available, should we be using it? What goes on there?

Mr Endicott: It is a matter of price, to some extent. Hydro can give you a lot more detail than I can on this, if you want. Hydro imports coal from the United States, both medium- and low-sulphur coal. They have been buying more and more coal with lower sulphur content and plan to continue doing that. They also buy some low-sulphur coal from western Canada. The plants in Atikokan and Thunder Bay are fuelled with low-sulphur lignite from the Prairies.

Mr Tatham: With a low calorific value?

Mr Endicott: It has a lower calorific value, but also, if you convert it, I think it has about 0.5 per cent sulphur in the lignite to the sulphur content in coal. It is equivalent to coal of about one per cent sulphur in terms of calorific value.

Mr Tatham: But there is lots of low-sulphur coal available?

Mr Endicott: Yes, there is lots available at a price. That is the only thing that is at issue, I believe.

Mr Faubert: There is a great deal of evidence establishing the link between acid rain and deterioration of our forests, lakes and even buildings. That link is clearly demonstrated. It seems that public concern would be greater if there were an established link between acid rain and actual deterioration of health. I know this has been mentioned; as a matter of fact, the minister has spoken about this. Could you tell me whether there are studies presently under way or which have been made that establish that link? If so, what conclusions have they reached?

Mr Giles: There are studies which have been carried out, in both Canada and the United States, which clearly establish that the precursors of acid precipitation in aerosol form are damaging to human health. There are also joint studies going on at the present time. There are Canadian and American researchers working together in a number of cities to try to obtain even further information.

Part of the difficulty with this sort of thing, as I understand it, is that it takes quite a while and quite an accumulation of information to be able to make direct conclusions such as that. The amount of evidence that exists is not overwhelming at the moment, but there certainly are studies going on and a number of researchers have reported. Clearly, evidence has been presented to the US congressional committees by leading experts and organizations having concerns about health. They clearly have stated to the US Congress that, yes, there is a link and that something ought to be done because of health reasons.

1130

Mr Faubert: It appears that this information has not influenced



public opinion greatly. If that link were established, it seems that would be a great influence on public opinion in order to press for reduction in the effects of acid rain.

If I might just go to the recent announcements by President Bush, when you talk about other jurisdictions, how will those announcements actually affect them? Are they reality or at this point simply a declaration of intent by the President? They obviously still have the congressional step to go yet.

Mr Giles: That is right. It is hard to speculate as to exactly what influences the final decision, but I cannot help but believe that the number of times now that the health concern has been expressed before congressional committees may very well have had an influence on the final decision, together with a whole lot of other efforts that have been made by a number of people in recent years to influence the US federal government.

Clearly the President has indicated his intention of bringing forward a bill that he will present to Congress. This will be the first time the administration has done that. Up until now we have had resistance on the part of the administration even to declare itself in terms of presenting a bill.

Of course that bill will have to be thoroughly debated and undoubtedly will see changes made by Congress as it goes through. So we will not know until we see the final product of a clean air act in the United States and what in fact the benefits will be.

Mr Faubert: Just as a last supplementary to that, do you feel it is an indicator of United States attention, because all actions in the past have been undermined by congressional activity, by lobbies by the coal-producing states and other interest groups? Do you feel that the fact it is a presidential bill is significant?

Mr Giles: I think it will be, depending on what the bill is when we see it. Obviously, one of the things we still would like to see considered and dealt with in the United States is some form of cap put on emissions, because clearly the method they use to control emissions in the US does not cap emissions.

Mr Charlton: I have just a couple of very brief questions of clarification on the review of Hydro's report, specifically in the section of the report called Role of Electricity Conservation.

You say here "In theory, more conservation is possible if more money were spent. The Ministry of Energy recently sponsored a study that showed over 6,000 megawatts of peak could be saved by cost-effective conservation measures."

I am just wondering whether or not this is the Marbek Resource Consultants study that you are referring to here, or is there another study that we have not seen?

Mr Endicott: The Marbek study.

Mr Charlton: The Marbek study. Is the 6,000 megawatts of cost-effective conservation that you refer to here in addition to what Hydro has already planned for, or is it a somewhat different interpretation of the Marbek study from the one I would make?

Mr Endicott: It is not intended to be accumulative. It is not an

additional 6,000 that we think is there. What we were saying is simply that there appears to be a discrepancy between the numbers that study found to be economically feasible and the amounts Ontario Hydro has said are in its target now and are feasible. We just wish to point out that they are apples and oranges to some extent, so you cannot—because you are talking peak.

Mr Charlton: I would agree. It is just the 6,000 figure confused us somewhat. That is why I asked whether in fact this was the Marbek study, simply because our interpretation of the Marbek study would seem to indicate as much as 9,000 megawatts of cost-effective conservation, not 6,000. That is why I asked the second question, which was the "difference between" question.

Mr Endicott: I think it is a range. We are saying that as the Marbek study shows, there is a considerable possibility of conservation and it is more than what Hydro shows. It is not the same thing and it needs to be studied further.

Mrs Marland: Mr Giles, I wonder, if you look at the overall work of your review committee and your presentation this morning as a result of that, whether you feel that in a responsible sense—we have been looking down this road to 1994. As one of my colleagues pointed out, we still have some areas that are not answered and some of your answers have been independent of what the United States has now committed to do.

I know we cannot plan on another jurisdiction's proposal, but my concern is that we know, without waiting for the report from Hydro specifically about its projected load demand, that they are going to be increased. We also know—I think it was either Dr Chan or Mr Endicott who in response to one of my questions said there are other scrubbers planned.

When you know the cost of the scrubbers, it is not an easy answer to say: "Well, the scrubbers are planned. We have X number coming on." My concern is that I do not think our plans, our view, our sight is far enough down the road with incorporating those costs. I think one of your answers was a 2.9 per cent rate increase for four scrubbers. The reality is—

Mr Giles: That was for eight scrubbers.

Mrs Marland: That was for eight; four pairs. I never heard this term "pairs" until today, but anyway it is an easy way to put it, I suppose.

Bearing in mind all of those things, I come back to the same question. Is the ministry going to take a very strong position? "This is the cost. This is the time frame, because it has to go through the environmental assessment approvals, but this is what you must do." Beyond 1994—knowing how quickly the last four years have gone, we certainly know how quickly the next four are going to—are you going to take a very strong position as the ministry responsible for this long-range planning, so that Hydro cannot say: "Well, you know, it may be important that we reduce again in the next phase 2 after 1994, but we simply do not have the time to install them by the next deadline, if the next deadline is going to be 1998, nor do we realistically have the money. We just simply cannot, even with a rate increase"?

It is a bit like putting lot levies on lots that are not going to be coming on stream for four or five years. Even with a rate increase, you do not instantly have a capital increase, an increase in your capital funds to expand on construction. How are you going to say to Hydro: "This is going to be your responsibility for the next 10 years. We expect you to plan for these capital



expenditures now in protection," when you know that you are going to have this tremendous increase in demand?

1140

Mr Giles: I anticipate this would be built into the consideration given to the demand-supply plan that is brought forward. It is quite clear, and it always has been, that we are talking about a cap as of 1994, and regardless of demand increase Hydro will have to maintain a level that is no greater than 175,000 tonnes from all of its sources. In that sense, the requirement has been there and will continue to be there. I am quite certain the government will insist this be done.

Mrs Marland: The figure you just gave is by 1994. What I am asking is, beyond 1994, how far down the road has your ministry looked? Are we saying the same requirement?

Mr Giles: Yes, from then on.

Mrs Marland: But not less; that is what I am asking.

Mr Giles: That is another consideration that could be given, certainly, in the future.

Mrs Marland: If we know that with the requirement we are talking about now—we are aiming at the 20 kilograms per hectare—if we know that now by 1994, are we saying we are satisfied with that, or after 1994 are we going to ask for further reductions, knowing that there is going to be a real cost to that for Hydro to meet? Are you going to make that a requirement of Hydro?

Mr Giles: Do you mean further reductions beyond 1994, as opposed to maintaining the level?

Mrs Marland: Yes, further. Is that your wish, to have further reductions, knowing that Hydro is going to say, "We can only do so much because of the cost and the lead time." I do not think there is any point in starting to tell them in 1992 or 1993, "This is where we want to be in the next five or six years."

Mr Giles: No. I would anticipate that kind of decision would be made before then. What I would anticipate would be done is a full examination, yet again, of all the possibilities we have. It is true, I think, that the marginal cost of reducing even further—this is how we approached it in the first place—the SO<sub>2</sub> emissions is lower if we were to address the smelting industry than it is if we address Hydro.

On the other hand, our science is giving us more and more information each year, as the benefit of our 10-plus years of research up at Dorset is indicating to us, and we will have to evaluate where we are in terms of what we have done to protect the environment. As the health information is coming along, we will incorporate that into our thinking as well and make a decision at that time on what is the sensible thing to do to protect both the environment and the health of the Ontario people.

Mrs Marland: Okay.

The Chairman: Could I allow Mr Sola a supplementary on this or are you still on the same topic?

Mrs Marland: I welcome the supplementary but I want to finish this. When you say you are going to consider the health information and you are going to look at everything all over again—I respect the fact that there will be new information. With scientific research, fortunately, there will always be new information. But with the kind of information that exists today, health information for example, are you going to look at how bad it is or that it is not as bad as we thought it was going to be?

The point is, with the information you have today, without waiting for any more good news or bad news—we can really guess that it is never going to be good news until we reduce the contribution from all the industries, not just Hydro—are you saying you do not have enough information today to say where you want to be by the year 2000?

My concern is that the next four years are a given. What I am asking you as the minister responsible for the environment is, where do you want to be by the year 2000 and are you warning all these people? Obviously, I am concerned about the private sector industries as well, but we have a major public sector industry in Hydro that will turn around and say: "Look, we are just a public utility. People need electricity and we cannot afford either the lead time to meet the requirements by the year 2000 or the capital cost, because there isn't any instant money." Even with rate increases, that is an accumulative thing and it does not suddenly drop the money into their capital building fund.

I just want to know what you feel, with the information you have today. I want you to study it every year, Mr. Giles, or every six months, but what I am asking is, you must have some goals today that you want to see reductions so that you can be telling those contributors to the problem—recognizing that we all are, because we are all consumers—what the responsibility is going to be on them after 1994.

Mr. Giles: In Ontario, I think it is pretty clear that we have established as a principle that industry should be installing the best available technology at any given time that is economically achievable. This has been our approach in both the lease program and in the clean air program. It will be a similar approach.

Certainly, for any new industry that is established, we clearly require that of it and have done for some time. For example, the Kidd Creek smelter is a very clean operation compared to the other smelters, and that was a requirement that was brought in at the time that smelter was established.

In so far as the future is concerned, I think all the companies are well aware of and have as a goal to get as low as they can get in terms of emissions. That has been clearly stated to us on occasion. Therefore, I think they are working towards that objective as well.

Mrs Marland: Do you think they would have got as low—

The Chairman: Could I interject, please? We have about three minutes left. I really would like to let these other folks have a chance. Mr Sola, your supplementary please?

Mr Sola: It is the same question but approached from a different angle. Instead of looking at further policy, what teeth do we have in current



legislation to enforce the requirements under the Countdown Acid Rain program in case Ontario Hydro does not meet the criteria? What penalties can we impose upon them to force them to meet the criteria?

Mr Giles: The regulation is in effect and would be used as a means to require them to make the reductions. If they fail to do so, they would obviously be subject to prosecution under the legislation we have. In turn, of course, it would be a matter for the courts to judge what the kind of penalty would be. Nevertheless, that option is there.

Mr Sola: Is there any range in the amount of penalties? Is there a maximum or a minimum or whatever?

Mr Giles: Yes, there is. I cannot bring it to mind immediately, but I can obtain that. It is in the legislation. I just do not happen to have it at my fingertips.

Mr Sola: Okay. I just want this question under advisement and I will allow Mrs Grier the last question, please.

Mrs Marland: This clock is a little fast. Can I just finish my one question?

Mrs Grier: I want just the one, Mr. Chairman.

The Chairman: I think we will allow Mrs Grier hers and then if we have a minute or two—

Mrs Grier: I just want to be very clear on the final questions that I had asked in my first round. If the United States does nothing to reduce its acid rain deposition, will we reach 20 kilograms per hectare by 1994?

Mr Giles: We do not believe so.

Mrs Grier: We do not believe so, so the target that we have set ourselves in our program is completely dependent on the United States taking some action.

Mr Giles: Yes. It always has been.

Mrs Grier: Thank you.

Mrs Marland: That is really depressing. Mr Giles, you said that industries know what the expectation is, that they have to get as low as they can get, I think were your words. I have to ask you whether that is blind faith. Do you believe that industries today would have got as low as they could get without government legislation requiring them to do that?

After 1994, they are not going to continue to get as low as they can get unless we say that is what they have to do. My question is to you simply, do you really believe they are going to continue to reduce emissions unless we say, "This going to be the standard after 1994," which is further reduction?

Mr Giles: Certainly, the regulation was a clear requirement that they reach those levels by 1994. I guess I was only pointing out that in fact reductions had been made at Falconbridge without the requirement of that regulation. They had steadily been coming down. They know they have a technology that can achieve lower levels than the 1994 target now and clearly

they are working towards that. The question is one for the government as to whether or not it wishes to regulate a lower level after 1994.

Mrs Grier: I have one supplementary on that. In 1985, you had a program that would take effect in 1994. Presumably, you took several years to plan for the announcement of Countdown Acid Rain. When do you intend to start planning and beginning the program, given the amount of lead time you now give, which if you announced it in 1994 is going to be implemented in 2004 or 2005? Have you begun to do that planning?

Mr Giles: We certainly have been gathering the information. We have been monitoring closely what it is the companies can do technically, within their smelting operations in particular. As I said, we are quite satisfied that the changes that have been made and will be made in the smelting companies can take them below the levels that were targeted by regulation in 1994.

Mrs Grier: When do you intend to announce the new level of emissions that are going to be in place post-1994?

Mr Giles: I would say that is a question for the minister. It is a policy question.

Mrs Marland: Oh, I see.

The Chairman: I think that is an excellent place to close off. Thank you very much Mr Giles, Mr Chan, Mr Richardson and Mr Endicott. You have been very helpful from the chair's point of view in answering our questions as directly as you can. I assume you or others will be monitoring the procedures for the rest of the time and we could call on you for other comments privately, or actually ask information from you, as we require.

Mr Giles: Yes. We will have representatives here. I will probably be here myself.

The Chairman: Thank you very much. Before we adjourn, there are two items of a housekeeping nature that I would like to put on the record. First of all, Mr Gutteridge, would you make sure that the group from Ontario Hydro understands that committees meet somewhat in subservience to the House and that our time of starting at 3:30 may be approximate? The way things have been going around here the last couple of weeks, it might even be 3:30 some other day. We hope to get going as quickly as we can this afternoon and we beg your indulgence in that.

There is one other thing I omitted to do at the beginning of the session. In case some of you have not met Lewis Yeager, he is our resident expert on the environment at this point in time. I think if there are any committee people who would like to ask information of him, he would be glad to give it to you. He will be formulating our draft report at the end of the hearings.

Is there any other comment by anyone before I adjourn? I understand there will be a vote. We will reconvene as close to 3:30 this afternoon as we can.

The committee recessed at 1152.



## **HANSARD REPORTING SERVICE**

Room 481, Legislative Building, Queen's Park, Toronto, M7A 1A2

Telephone (416) 965-1456

Index Inquiries: (416) 965-2159

**Editor of Debates:** Peter Brannan

**Deputy Editor of Debates:** Ernie Hemphill

**Editors:** Don Cameron, Chief; Alex Jenkins, Deputy Chief; Edward Patrick, Supervisor; Pierre Beauchamp; Karen Bennett; Liese Binnie; Larry Bruner; Drummond Burgess; Deborah Caruso; Anne Lynas; Wendy Mills-Descheneau; Liz Renzetti; Steven Smal; Janice Spellerberg; Sheila Wawanash

**Reporters (Tape):** Kit Anderson-Knight, Administrator; Margaret Elkins, Wilda Ferguson, Supervisors; Jean Andrews; Sandra Arrizza; Peggy Brooks; Carolyn Brown; Sharon Chalupiak; Danica Dolenc; Margaret Grobicka; Richard Hilson; Barbara Milnes; Sonia Nesbitt; Chantal Perron; Margaret Prince; Mary Sutton

**Reporters (Shorthand):** Pat Girouard; Beth Grahame; Carol McIntosh; Maureen Murphy

**Reference:** Patricia Tolmie, Co-ordinator; Teresa Hamilton; Lynda Middleton

**Index:** Elise Sloga, Chief; Alison Sawatzky

**Editorial Assistants/Printer:** Corrine Marnoch; David Woodruff; Eamon Kade

**Secretaries/Receptionists:** Edith Landry; Ethel Allan

**Messengers:** Stephen Marshall; Mani Pascucci

CABON  
XC16  
-G24

G-2b

STANDING COMMITTEE ON GENERAL GOVERNMENT

ACID RAIN ABATEMENT PROGRAMS

THURSDAY, 15 JUNE 1989

Afternoon Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough--Ellesmere L)

Bryden, Marion (Beaches--Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park--Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Leone, Laureano (Downsview L) for Mr Callahan

McClelland, Carman (Brampton North L) for Mr Ruprecht

Clerk: Carrozza, Franco

Staff:

Yeager, Lewis, Research Officer, Legislative Research Service

Witnesses:

From Ontario Hydro:

Burnham, Dr Carole, Director of Environment

Niitenberg, Arvo, Senior Vice-President, Operations

Taborek, Ron, Co-ordinator, Acid Gas Control Program

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, 15 June 1989

The committee met at 1540 in room 228.

ACID RAIN ABATEMENT PROGRAMS  
(continued)

The Chairman: I recognize a quorum. We should have lots of time. For the committee, I would like to introduce to you Mr Niitenberg, the senior vice-president of operations for Ontario Hydro, on my right; and Ron Taborek, co-ordinator of the acid gas control program, the other gentleman at the table; and I think most of the folks know Carole Burnham, director of environment for Ontario Hydro. My understanding is that the senior vice-president of operations will give a few introductory remarks and then Carole Burnham will make the main presentation.

Mrs Grier: Can I just ask what the timing is likely to be? I see all this material from Hydro, and even with two hours this morning we seemed to run out of time for questions. Can we have some sense of how long the presentation will likely be?

Dr Burnham: About 30 minutes.

Mrs Grier: Oh, fine. Thank you.

The Chairman: We have asked everybody to go no longer than an hour so we have some time for questions.

Mrs Marland: Go no longer than an hour?

Mrs Grier: Thirty minutes, they said.

The Chairman: On any one question, Marg.

Dr Burnham: If you want us to stop—

The Chairman: They will be very direct about that kind of thing. Would you like to continue, please?

Mr Niitenberg: From its inception, Ontario Hydro has always sought to temper the environmental effects of electrical generation. The early development of hydraulic generation at Niagara Falls was designed to protect the beauty of the falls. As more hydraulic coal and nuclear stations were built, environmental control measures were either adopted voluntarily or imposed by regulation. Hydro has a long history of meeting environmental requirements.

Our heavy manufacturing industries have brought wealth and affluence to Ontario, but increasingly the people of Ontario believe that this wealth is diminished if our rivers and streams are polluted, our air is dirty and our food chain contaminated. The public claims to be willing to make necessary sacrifices to clean up the environment and we at Ontario Hydro share its desires; its agenda is our agenda. Ontario Hydro, acting in partnership with



an environmentally concerned and sophisticated public, has undertaken a plan which will allow us not only to meet but to better the new limits on acid gas emission levels imposed by the government of Ontario.

It has not been easy. Every year, Ontario uses more electricity. Demand growth over the past five years has reached record levels. We must meet this load growth while reducing our acid gas emissions. This is much like being stretched in both directions at once.

This is why our compliance plan is imaginative. It utilizes a number of control measures without depending unduly on any one single element. Demand management, non-utility generation, increased hydraulic generation, increased nuclear generation and purchases from neighbouring utilities are all being used to reduce the amount of coal we burn.

Just as important is what we do with the coal we burn. We are washing our coal to reduce its sulphur content, and we are buying a larger percentage of low-sulphur coal and lignite from western Canada. We are adding flue gas conditioning at Lambton, Nanticoke and Lakeview, and this will allow us to burn even lower-sulphur coal.

We are awaiting approval from the Ministry of the Environment to install two scrubbers by 1994, and we have a program which could take us up to eight scrubbers by the year 2000. Timely approval by the ministry is critical if we are going to continue to stay below our regulatory emission limits.

Two of our generating stations, Lennox and Hearn, can be used to burn low-sulphur oil and gas respectively. Lennox is already operational, and we are working on a plan which would allow us to reactivate two Hearn units on a nine-month notice, should the need arise.

I mentioned earlier that the people of Ontario have indicated their willingness to make sacrifices to protect the environment from acid rain, the greenhouse effect and depletion of the ozone layer. To pay for this comprehensive \$2.7-billion antipollution effort, the price of electricity will begin to rise in 1990, and by 1998, it will be an additional 3.4 per cent higher than it otherwise would have been.

Our total emissions last year were down 30 per cent from 1982 levels, and the allowable maximum drops sharply in the next few years. I would like to repeat that we are confident that we will meet or better each year's limits. By 1994, we will have reduced emissions by 60 per cent from the 1982 levels.

The people of Ontario have indicated to their government, business and industry their overwhelming desire for a clean environment. I believe the summary I have provided today provides some evidence that Ontario Hydro shares and has responded to that concern. I would like to turn it over to Dr Carole Burnham, our director of environment, who will give an overview of what our program consists of.

Dr Burnham: I am pleased this afternoon to be able to present a summary of our plans to meet the acid gas limits for Ontario Hydro. I want to reiterate that we want to do our share in reducing the acid gas loadings over sensitive areas in Ontario and North America and in serving as an example to the United States.

As Mr Niitenberg said, our peak of acid gas emissions reached 531,000 tonnes in 1982. Last year they were 381,000 tonnes, and by 1994 we will be

below 215,000 tonnes, a reduction of 60 per cent from the 1982 peak. We intend to achieve this reduction, as well as to meet all other environmental requirements such as local air quality, minimizing costs and maintaining the flexibility of our electrical supply system.

I want to review, to start with, the nature of the acid gas regulation we will be meeting and bettering, the nature of the Ontario Hydro electricity mix. I would like to talk a little about electricity demand and the nature of the coal-fired system, in which we have to control the acid gas emissions.

1550

This is an overhead of our projected acid gas emissions. The 1985 to 1988 numbers are the actual emissions and this is what we target. You can see the Ontario regulations, the cap steadily decreasing from 430,000 tonnes to 280,000 tonnes and then down to 215,000 tonnes starting in 1994. These include both sulphur dioxide and nitrogen oxide emissions.

As Mr Giles said this morning, the regulation is a cap on our entire system. It is rightfully a cap, because what it is doing is aiming at reducing the acid gas loadings on the areas that are sensitive to acid rain. The areas do not care where the acid gas is coming from; they just want it to be less. The way in which we meet this reduction is left up to us, so we can have some flexibility and try to do this at minimum cost to our customers.

Last year we used our nuclear, hydroelectric and fossil stations. Nuclear stations supplied about 50 per cent of the power, hydroelectric about 25 per cent and fossil about 25 per cent. We had some small purchases in addition. We try to use hydroelectric and nuclear first, and that is because they are cheaper to produce than fossil-fired is. As well, nuclear is what we call a base load and it is not easy to adjust to very quick differences in electricity demand. So we tend to use our nuclear stations as base load and then try to adjust our demand with hydraulic, and to a larger extent with fossil, which is very easy to fire up quickly to respond to an unexpected increase in demand in a day, or perhaps in a season, when you have unexpectedly warm or cold weather.

As Mr Niitenberg said, our demand for electricity is going up. For the last five years the increase in demand has averaged five per cent; last year it was over six per cent. We are estimating that it will average more than two per cent over the long term. The fuel mix by 1998 will look slightly different and that is generally because of our nuclear station, Darlington, coming on line. So the percentage of fossil production will be a little lower in 1998 than it was in 1988.

How much will we have to use our coal-fired, fossil-fired system? In 1988 we used it, as I said, 25 per cent, which represented over 30 terawatt-hours. We expect it to go down in 1993, again because of Darlington coming on line. Then the amount is going to increase as we get into the latter part of the decade. It is going to be 17 per cent of a larger total amount.

Mrs Marland: Do you have hard copies of those overheads with you?

Dr Burnham: Yes, I think you have them there.

Moving to the nature of our fossil-fired generating stations, they are not very new stations. In fact, our oldest one was started up in 1962. So when we talk about reducing sulphur levels or adding on acid gas controls, we are



talking about adding them on to an existing system. This tends to reduce some of the options we might have when we talk about building new stations at the turn of the century, if necessary.

I should get back to this: Lakeview is one of the smaller stations; each unit is smaller. It has eight 300-megawatt units. Lambton, near Sarnia, has four 500-megawatt units; Nanticoke has eight 500-megawatt units; Thunder Bay and Atikokan are two rather smaller units up in our northwest corner, and Lennox is an oil-fired station located near Kingston. These are the percentages of sulphur in the fuels burnt in 1988. The percentage of sulphur in our fuel has been steadily declining as we are trying to lower the sulphur content. I guess a decade or so ago it would have been averaging around 2.4 per cent or so.

Thunder Bay and Atikokan both burn a western lignite coal which is naturally low in sulphur. Lakeview, Lambton and Nanticoke were designed to burn higher-sulphur coals, and I will come back later to some of the problems that gives us in trying to burn lower-sulphur coals. As I said, Lennox is an oil-fired station. The percentage of sulphur in our coal has been declining since 1976 and now averages around 1.3 or 1.4 per cent.

This is an estimate of how much acid gas emissions we would have if we did not control our acid gas emissions. As you can see, the shaded part on the right here shows that our acid gas emissions would be going up considerably as we go into the late 1990s if we did not take corrective action at this point to control those acid gas emissions.

The options to control the emissions include reducing the use of fossil fuel generation, reducing the sulphur content in the fuel we burn, installing emission control equipment and installing clean-coal technology. Clean-coal technology is something we are going to be looking at for new stations in the future. It is not something which is developed to a point where it is practical to retrofit it—if I can use jargon—to existing stations at this time. So I will dismiss that one for the time being and address these other three options.

With respect to fossil-fired generation, the various things we can do to reduce our need for it are our efficiency and conservation programs. We are undertaking an aggressive conservation and efficiency program to reduce the amount of generation we would need by 4,500 megawatts by the year 2000. That includes both our efficiency conservation and our shifting of the load to what we call off-peak areas, where we try to encourage users not to use electricity at a time when demand is at a peak but try to encourage them to use it—I actually am quite happy to wash my laundry at 11 o'clock at night because I am not home much sooner anyway. I would be pleased to get some sort of price break if I could.

We are also encouraging private utility generators to come forward and offer us some parallel or small generating options. We have a target of 1,000 megawatts for that to the year 2000. We are also planning to build some hydraulic stations and we are using as much as we can of the hydraulic capability that we see is economic in the province. That is 1,100 megawatts to the year 2000.

Increasing nuclear is of course another option for reducing fossil-fired generation. It is not a practical measure to consider, though, before the year 2000 because it would take too long for approval and construction of a nuclear station. We can increase imports, we can increase our purchases from other

1600

I just want to go back, for a moment, to efficiency conservation. I know there is a lot of debate and Ron Taborek is going to give you a little overhead at the end of my presentation, but I would just say that if we can get more than what we have targeted, we will be very pleased. What we are doing is being conservative utility engineers. We want to feel we can supply the demand of electricity that will be out there. We want to encourage people to participate in energy efficiency and conservation programs.

If our targets seem conservative to you, what I can say is that we will be only too happy if we go beyond them, but we feel a little nervous about targeting for more and then failing and saying, "Turn the lights out." I do not think we would be popular if we did that.

In terms of reducing the sulphur content in the fuel, that would be something reasonable to do and, as I have said, we are doing that to a large extent. We have been buying washed coal for two decades and washing the coal takes out 20 per cent of the sulphur right at its source. We have access to some low-sulphur opportunities and we are buying those.

The problem with some of it is that our stations were constructed to burn high-sulphur coals. One of the major components of that is the electrostatic precipitator, which traps the fly ash that comes out of the boiler after the coal is burned. The resistivity of the fly ash changes if you use a lower-sulphur coal, so the precipitators become less efficient. In order for us to be able to burn low-sulphur coal, we have to make some adjustments to our existing coal-fired stations.

Mr Giles referred to that again this morning. That is where we are going to be doing some injection into the flue gas to get the resistivity of the fly ash back up to what it would have been with a high-sulphur coal.

It is not going to buy enough, though, to get us below the 1994 regulation. It gives us some reduction in acid gas emissions, but we have to do even more than that, and so we come to the installation of control equipment with SO<sub>2</sub>. It is the famous flue-gas desulphurization, or scrubbers, as they are commonly called, and NO<sub>x</sub> control technology.

Nitrogen oxides represent about 15 per cent of our acid gas emissions, so it makes sense to go after the sulphur dioxide first, because we are going to get the most reduction by installing control equipment on that. We have gone through a process of selecting four different technologies for scrubbers. We have used some criteria which include: the state of process development; experience with the process at other utilities, and the technical risk we would be taking in buying that particular process, because we want to make sure we can rely on those scrubbers to run as much as the station is running.

We have looked at secondary environmental impacts and life-cycle costs. The four technologies we are looking at are wet limestone slurry, limestone dual alkali, lime spray dryer and sorbent furnace injection. The first two processes are wet scrubbing processes and the second two are dry scrubbing processes. I am not planning to spend a great deal of time discussing the advantages and disadvantages. If you want to ask me about them, I would be happy to answer questions.

Suffice it to say that the first three technologies will meet an efficiency of 90 per cent sulphur dioxide removal. The last option is sorbent



furnace injection. That reduces the sulphur dioxide by only about 50 per cent. It has a couple of advantages, which are that it can be installed much more quickly and it is much less expensive than the other three options. So it is something we like to keep as a possibility, in case we have to act faster than we have scheduled. It is useful in certain locations, where we use coal-fired stations to a lesser degree.

I guess what I should say at this point is that our capacity factors at our various coal-fired stations are different, and we tend to use Lambton and Nanticoke, the two big ones, much more than we use Lakeview.

A typical scrubbing process shows that after you have burned the coal and you have your flue gas, you then interject—essentially what it says is a scrubber. It tends to be a solution of a base, which will neutralize the acidic sulphur dioxide. It forms quite a bit of waste, which has to be disposed of, and then the clean flue gas goes up the stack with most of the sulphur dioxide removed.

The waste created by the process increases the amount of waste from a coal-fired station by about three times. One of the things we are actively looking at is methods of marketing that waste instead of disposing of it in a landfill. We would prefer to be able to have it reused, and the two wet scrubbing processes will allow you to produce a commercial-grade gypsum which can be used in wallboard. With eight units, we would flood the market in wallboards, so we probably would not find enough of a market for all eight units. But certainly we are doing our best to find some possibilities for them.

The amount of acreage you would need, for any four of these processes, would be over 100 hectares for four units at Lambton, for the lifetime of Lambton, if you were to dispose of it as landfill.

The environmental assessment to which Mr Giles referred this morning for these four processes were submitted to the Ministry of the Environment in February 1988. We have gone through the various public consultation and public review processes, as well as through the government review process. The government announced acceptance of the document in May.

There is a further period of public review, which ends tomorrow. We are hoping we can get our final approval so that we can proceed by July 1989. We are targeting going to our board of directors for approval on the capital for the first two units at Lambton in September. We cannot do it before we get the approval of the document.

That gives you the control program status. With nitrogen oxides, we are looking at controlling them as well. In fact, we have already installed low-nitrogen-oxide burners at our Nanticoke station, at all eight units. There are two other options for the controlling of nitrogen oxides that we are looking at and that are part of our package of options for acid gas control.

Low-nitrogen-oxide burners essentially try to control the rate of oxidation of the nitrogen that is contained both in the coal and in the combustion air and try not to encourage the formation of nitrogen oxide but leave that as straight nitrogen gas. Selective catalytic reduction uses injection of an ammonia solution that passes with the flue gases over a catalyst, to reduce the nitrogen oxides back down to nitrogen gas. Selective noncatalytic reduction is a process that does not involve a catalyst, but involves injection of another solution into the flue gases.

Just a quick look at the expenditures to the year 2000: This is

different from what is in the acid gas report that was submitted to government. The figures that are included in this report, which I believe you all have a copy of, have been updated since then to include things like contingency for the scrubbers and the increased need for low-sulphur coal because of the late start of Darlington and so on. These are the projected capital and operating maintenance administration costs, and the additional costs to buy low-sulphur coal specifically for the purpose of meeting the acid gas regulation.

1610

That adds up to about \$2.6 billion by the year 2000. The price impact, again, is a little bit different from what was in the original report because of these changes, and it shows you that in each year the price of the customers' electricity goes up and peaks in the year 1998 at slightly under 3.5 per cent.

Just to sum up, we are committed to reducing the acid gas emissions of our system while we meet the increasing electrical demands of our customers. We certainly intend to meet and better our regulation. We see that we cannot eliminate fossil generation entirely—we do need it as a peak or swing fuel—and we are maintaining a wide range of options so that we can have flexibility to adjust our program if electricity demands should increase or decrease and if we should be more successful in our conservation programs than we are presently targeting. We are estimating that the cost to the customer will increase to around 3.4 per cent.

I am finished, but Ron Taborek would like to present one overhead.

Mr Taborek: There were two questions presented this morning that we would like to provide some information on.

The first question was why we are putting the first scrubbers at Lambton rather than Lakeview. Basically, our reasoning is that we want to put the scrubbers where they will remove the most sulphur dioxide. If you take as an example 1988, Lambton worked about 50 per cent of the time and Lakeview worked about 25 per cent of the time. Lakeview is more of a peaking station than Lambton is.

Each Lambton unit is bigger than a Lakeview unit, so that over the year, on average, Lambton units produced 22,500 tonnes of  $\text{SO}_2$  and Lakeview units produced 6,000 tonnes of  $\text{SO}_2$ . So the scrubber on a Lambton unit would remove something like 3.75 times as much  $\text{SO}_2$  as a scrubber on a Lakeview unit. There are actually more considerations than just that, but that is the prime one.

We will hand out to you a hard copy of this chart, plus some statistics that people seemed interested in this morning. They show the sulphur content, the emissions, the coal, the size of the stations and how much they work. You can see that Nanticoke would come next in line and then Lakeview, and what the stations are.

A comment was made this morning that, theoretically, consultants are estimating that there are 6,000 megawatts of cost-effective conservation available, but Ontario Hydro is only planning for 2,000 by the year 2000. I would like to show you how we compare these oranges with them apples.

Most people working in this field would agree that there are about 6,000



megawatts of peak, cost-effective conservation measures available. With this number, people will also agree that about 1,500 of it occurs naturally. People will do it for their own reasons, subject to economic forces, and therefore you do not have to design programs to make them do it. As a matter of fact, you want to design your programs so that you do not in effect pay them for what they would naturally do anyway.

We include that in our load forecast, so we have this 1,500 lowering our load forecast. When we target our incentive programs, they are targeted on this 4,500. Now this 4,500 is assuming you have 100 per cent market penetration, market capture. It is the kind of thing that only a totally centralized government could come in and say, "You will use this." Indeed, there are opportunities for legislation to assist in making market penetration sometimes required.

For the programs that we design, we are targeting for that 4,500. That is what everybody is trying to get. That is the whole market. What we have to do, though, is basically test and prove that the products will work and be acceptable to people. We do not want to deliver products that are untried or defective.

We have to design marketing programs so that, for instance, we are targeting this and not that and so that we are not going back to people perpetually, because these demand management programs are, in effect, selling people lots of little ideas. You sell a light bulb, a better fridge, a better air-conditioner, etc, and you are not going to keep coming back month after month, year after year. You have to package them and you have to convince people to take them. You have to sell and you have to install them.

In the installation—some of these are fairly simple, some are fairly complex—you want to make sure there is an installation infrastructure that will actually put a working product in people's homes. You also have to ensure that they not only buy it the first time but continue to use it for the next 10 or 20 years, and that when one wears out, they buy another that is just as efficient. Some of these products turn over fairly quickly. It is not satisfactory just to have a product that reduces load in one hour of the peak period. These products have to work over the 16-hour winter daily peak.

Those things are what I see you have to do to translate the theoretical incentive potential into what you will actually, practically put on the table. When we look at 2,000 megawatts by the year 2000, we reckon we will be able to do enough of this to make a 45 per cent market penetration.

I do not claim to be the demand management expert; I am an acid gas guy. When I look at these figures, the thing that strikes me is that nobody knows how much demand management there is going to be in the year 2000. When I do a plan, I have to accommodate that uncertainty. As Carole mentioned, I am willing to plan to reasonably thought out estimates, and that is what I try to do. I also design my plan to accommodate taking more if it is available and to accommodate not achieving as much as anticipated, because this is not a law that we theoretically meet; this is a law that we really meet.

The Chairman: There are a couple of comments I would like to make before we open the floor for questions. I understand Mr Niitenberg has to leave no later than 5:25 pm. We will understand when he leaves. I imagine we will be going at least that long. Ordinarily, at the end of the session, I say "Thank you very much for coming," so I will thank you very much for coming now.

What I propose to do, with the concurrence of the committee, is

recognize Mrs Grier, who caught my eye first, and then Mrs Marland, who caught it second. I have Mr Sola and Mr McClelland down next. If I can, I would like to restrict you to about 15 to 20 minutes each and give everybody a chance. Then we will have a second go-around so that we will not have to restrict things. I just saw another hand here, so I think everybody who is here wants to take part.

Mrs Grier: So 15 minutes includes the answers, does it?

The Chairman: Yes. I will just sort of do it in blocks of time so that everybody gets a chance.

1620

Mrs Grier: The minister is not here, so we may get through some fast answers.

Ms Bryden: And maybe critics need a little more than 15 minutes.

The Chairman: I wanted to give all the committee members a chance; I assume the critics will have some time at the end to pursue their interests a little further.

Mrs Grier: Let me start by asking what other acid gas abatement measures were considered but did not end up in the final selection.

Dr Burnham: I do not have a total list in my mind, but they were variations on the scrubber technology. For example, one kind would use a wet scrubbing process but would allow you to produce a sulphuric acid process at the end, instead of a commercial wallboard type of process at the end.

Mrs Grier: What kind of considerations weighed in the final selection?

Dr Burnham: The degree of development of the process, the success of use of that process at other utilities, the life cycle costs and the secondary environmental impacts.

Mrs Grier: So when you were weighing conservation in that balance, which for every kilowatt saved is a total amount of acid gas saved as opposed to a percentage with some of the other techniques, what weight was given to the cost-effectiveness of that in not only meeting acid gas targets but in generally saving Hydro capital expenditures as it meets increased demand over the next 20 years?

Mr Niitenberg: If I could interject before you answer this, the energy efficiency question and demand management were put as a first item and the acid gas control was applied to the residual coal burn, so we started off with the sequence of demand management and energy efficiency: Can we get more out of our hydraulic stations? Can we get more and better performance from our nuclear stations? What about imports of power? When the residual coal burn profile emerged, we then focused on how could that best be reduced.

Mrs Grier: I guess what I am thinking of is, for example, Lakeview, which is a peaking station. When you came to calculate the cost of reducing acid gas emissions from Lakeview as opposed to implementing a conservation measure which would have avoided the use of Lakeview at peak times, how did you do that calculation?



Mr Niitenberg: If it had turned out that the conservation program expectations would have reduced a coal burn to the point where Lakeview would not have to be utilized at all, then there would be this one-for-one tradeoff. Unfortunately, the figures indicate that Lakeview usage, although it will drop, will still be necessary in order to keep the lights on. Therefore, the focus became: How can we most cost-effectively reduce the acid gas emissions from that plant, which is our marginal coal-fired plant? The thrust there was that we tested some limestone injection systems, which are very cost-effective for peaking plants. In order to be able to burn lower-sulphur coals, we looked at the flue gas treatment and we ended by injecting  $\text{SO}_3$  and ammonia so that we can use lower-sulphur coal, and therefore lower  $\text{SO}_2$  emissions, and on top of that we can also then prevent the dust loading from getting out of hand. So it is a multidimensional problem we are dealing with.

Mrs Grier: When you talk about nonutility generation, is that cogeneration, as we talked about in the select committee on energy? Is it the same thing?

Mr Taborek: Not quite. It is generation produced by others. If they produce both the electricity and perhaps steam, then it is cogeneration. Cogeneration is a subclass of nonutility generation.

Mr Niitenberg: It may be small hydraulic totally making electricity. The plant is owned by somebody else.

Mrs Grier: When you look at a nonutility generation proposal that is using fossil fuel and you consider that as a technique for reducing your own emissions, are you requiring that nonutility generator to comply with the best available technology so that you are not saying, "Hydro isn't producing this but we've privatized Hearn and because it's being produced there, it doesn't count in our totals"? How do we know you are not just transferring the generation to somebody else?

Mr Niitenberg: I am making the basic assumption that all industries in Ontario have to get a permit from the Ministry of the Environment and therefore they are also under some control. They certainly would not be under Ontario Hydro's control.

Mrs Grier: If it is an existing industry that perhaps is now going to start selling its power to you and into the grid under your new policies of cogeneration and all the rest of it, how can we be assured, given that Countdown Acid Rain does not cover anything other than the four major contributors, that they are not going to be producing more acid gas out of an obsolete plant in order to enable you to say you are producing less?

Mr Taborek: There are two reasons you can be assured about that. Usually generation from nonutility generators produces less emissions than our coal plants do, for two reasons. If it is Hydro, it is obvious, of course, but the most frequently used source of energy would be natural gas. Natural gas has negligible amounts of sulphur but does produce some  $\text{NO}_x$ . Consequently, they will produce less emissions.

Given the increased amounts of nonutility generation we are anticipating, we are also looking at in effect an environmental requirement that we will put into our contracts. We do not have that worked out yet, but with increased use, we think it will be appropriate. We will take some part there.

If I may make one further point, we also recognize just the opposite of that, that nonutility generation has the benefit to us of reducing the amount of emission controls we will have to put in; therefore, we will pay them more if they allow us to reduce our controls. That is already included in the payments we make to nonutility generators, so they will have the money to do the job.

Mrs Grier: Could you just turn to another subject for my final question? Perhaps you could explain to the committee the agreement that has been entered into by Ontario Hydro and the Canadian Coalition on Acid Rain which has not I think been discussed. I have not even seen a press release from Hydro, to my surprise. Can you tell us where that fits into this whole program?

Mr Niitenberg: We had four technologies proposed, as Dr Burnham indicated here, in terms of our acid control program. The coalition was very concerned that the limestone injection process would be utilized on a base load plant. We have that in this fourth process we wanted considered.

Mainly, their concern was that the removal efficiency of that particular process is about 50 per cent. The removal efficiency of the others is over 80 per cent. The attractiveness of the limestone injection process is that it is not very capital intensive, but its operating costs are very high. You blow crushed limestone right into the furnace and use the furnace to act as an absorber. We were only exploring that as a bridging option or as an option for a peaking plant. Once that assurance was given to the coalition and the ministry, and we did not make that very clear in our documents, then there was no problem.

Mrs Grier: Have they withdrawn objections to any environmental assessment for your technologies or only agreed not to request an environmental assessment of the limestone injection technology?

Mr Niitenberg: No, the whole program as put forth. That is my understanding.

Mrs Grier: So the Coalition on Acid Rain is not going to be asking for an environmental assessment of any of your scrubbers or procedures?

1630

Dr Burnham: We have submitted an environmental assessment document which includes details on the four options. What they were doing was removing their request for a public hearing to review the document. They informed the minister that, having gone through the various public consultation processes earlier during the submission and review of the document, they had only one final objection. That is the one we resolved with them, so they removed their request for a public hearing of the environmental assessment.

Mrs Grier: I see. Did Hydro make any attempt to ascertain whether anybody else in the province might have been interested in a public hearing on an environmental assessment?

Dr Burnham: Yes. The formal environmental assessment process has several different stages at which one goes to the public and makes the documents available for discussion and for information. All people had the opportunity to write in to the Ministry of the Environment requesting a hearing or making comments on the document.



Mrs Grier: So that now if my residents in the vicinity of Lakeview, say, become aware that you are going to be eventually installing scrubbers on Lakeview, they will have lost the opportunity for an environmental assessment hearing on that because of the agreement you have signed with the coalition?

Dr Burnham: No. There is an environmental assessment document, called a program environmental assessment, which talks about the four technologies and requests the flexibility to use them at any of the locations. However, within the document is a commitment to file a project implementation report for each specific project we undertake and there will be a public consultation process and opportunity for discussion at that phase when that report is filed. There is within that process a mechanism for the Ministry of the Environment to, as we call it in the language, bump up; if there are enough concerns it feels are unresolved, it can request an environmental assessment.

The Chairman: Mr McClelland says he has a supplementary on this topic, so I am going to allow him a brief comment.

Mrs Marland: Well, I think we all have supplementaries on the same topic.

The Chairman: Mr McClelland.

Mrs Marland: Go ahead, Carman.

Mr McClelland: Thank you. Actually, the one question I had was incorporated probably more substantially by Mrs Grier's question. With respect to your control technologies and the candidate options you have embraced, my question was going to be: Was there any possibility with new and developing technologies as you look at application, by specific example to Lakeview, of looking at something else that may be in the developmental process at present? You began to answer that as you talked about your implementation policy. I would like to hear more about that.

My question, in short, is: Given your summary, is that an exhaustive list? If not, what opportunities are available to look at developing technologies and new opportunities that may come as a result of things that are in the research and development stage right now? We certainly hope there would be increased activity in the research and development of other technologies and options for controlling emissions.

Mr Niitenberg: If I may answer, the list is not exhaustive but this is our intended program at this stage of the game. We have to make decisions right now for the first phase of installation; the Lambton installation, for instance. We have to start working on engineering designs in two months' time in order to meet the timetable. Therefore, for Lambton it was selective: the most common technology, the wet limestone system. We know it works. Probably there will be some more elegant technologies emerging. We have tested some of these and we have worked with some people.

There is one that specifically interests me personally. It was to use ultraviolet lamps—no chemicals—and try in two seconds to do what the sun does. The sun breaks down the pollutants. Unfortunately, it works in the laboratory but with flue gas, which has little soot particles in it, it was a big problem. It may be resolved in the next 10 years or so, but it would be a type of technology that small research firms are pursuing. We are keeping abreast of those.

Mr McClelland: Thank you. I appreciate your adding some detail to it. I just wanted to confirm on the record that that was not an exhaustive list as such.

Dr Burnham: Again, the project implementation report does have the provision for incorporating new technology.

Mrs Marland: Can I just ask one fast question? Dr Burnham, are the three candidate options you list, the wet limestone, limestone dual alkali and lime spray dryer, the three options Dr Miriam Mozes has been experimenting with?

Dr Burnham: The option that Miriam Mozes is experimenting with is the sorbent injection process, the limestone injection process we have been talking about. She has been experimenting in a couple of different ways. One is trying to combine that process with a urea injection process that would remove the nitrogen oxide from the gas as well. She has been trying to find ways to improve the efficiency of the process, as we have recorded it at only 50 per cent, and she has been trying to find ways in which we could get a higher efficiency as well as getting some nitrogen oxide removal.

Mr Niitenberg: As a supplementary comment on that, that process started off being somewhere around 25 per cent removal efficiency. By doing various things in our laboratory and testing at Lakeview, we have managed to move it up to 45 to 50 per cent removal.

Mrs Marland: I went to see her demonstration at the laboratory on Islington Avenue and was aware it was related to the installation at Lakeview.

Mr Niitenberg, in the course of some of your answers earlier, you said the Lakeview usage will drop. How do you answer the question simply when people ask what the future of the Lakeview plant is, because I have been down here only four years now and it seems to me that every time we get into the subject of Hydro the story changes. I wonder if you can give us the June 1989 version so we can get an overall picture of the future of Lakeview before we start being obstreperous about the fact that we do not have any scrubbers planned for Lakeview.

Mr Niitenberg: I think the Lakeview story really has not changed. It is very much influenced by the external effects of load growth. A few years back the load growth was projected to be such that we were going to use only four units at Lakeview. We actually had a plan of mothballing half of Lakeview.

The load growth now is such that we are going to need, for peaking purposes, all eight units, but the number of hours they would be running and running at high loads is reduced. Lakeview is being relegated to a rapid-loading and rapid-unloading situation, trying to follow the daily load patterns.

The amount of energy produced relates to the amount of acid gas going up. That is the part that is being reduced. The usage and the number of units being run is not being reduced.

Mrs Marland: What I find amazing with an organization as sophisticated as Ontario Hydro—I also say every year that I think it is time we changed the name, since it is not hydro; hydro generation is so minimal now compared to the other forms of generation. It is not Ontario Hydro any more, is it? It is Ontario Power or something else, but that is beside the point.



The kinds of resources that are available in our provincial electricity corporation are so sophisticated that I find it hard, with very hard known factors, such as population growth, the regional development that is going on in southwestern Ontario—As recently as a few years ago we thought there would be four units used at Lakeview and now we are talking about eight units.

1640

I hear what you are saying about peak loading and that kind of thing. None of that makes me feel any better in terms of the overall view of the problems and what is happening with our coal-fired units. Probably, if there is one area where the member for Etobicoke-Lakeshore (Mrs Grier) and I part company, it is perhaps the issue of coal-fired versus nuclear, although Ruth Grier and I have never sat down and discussed it.

Mrs Grier: Safer.

Mrs Marland: The very fact that we are going to have peaking and an intermittent use of Lakeview, of course, is the very reason I asked for the tests at Lakeview, because of cold starts and intermittent loading.

When Dr. Burnham said a few minutes ago that Lakeview was designed to burn high-sulphur coal, and we look at increasing the use of Lakeview, everything works against it. Yet there are no plans as far as I can see. I know there is some secondhand equipment coming to Lakeview by 1993. This is another thing: There is something being installed at Lambton that is going to be taken off Lambton in two years' time and installed at Lakeview.

Dr Burnham: That has changed. We are installing the flue gas injection equipment at Lakeview during its current rehabilitation, so we will be able to burn a much lower sulphur coal at Lakeview.

Mrs Marland: We are not getting this used equipment from Lambton?

Mr Niitenberg: No, we are not.

Mrs Marland: We are not?

Mr Niitenberg: No.

Mrs Marland: That was in the Hydro report that came out only a couple of months ago. I think it was in the statement the Minister of Energy (Mr Wong) made, that we were not getting scrubbers at Lakeview, but there was something that was going to be installed—obviously I am not a scientist so that I do not pretend to know what it was, but the equipment was being installed at Lambton. It would be there for two years, and then it would be taken down and installed at Lakeview.

Mr Niitenberg: That was our intent, but present indications are that we cannot release the equipment from Lambton. We need it there too, so it is going to stay at Lambton, all units at Nanticoke and all units at Lakeview.

Mrs Marland: So Lakeview is not getting even what was announced as recently as two months ago.

Dr Burnham: It is getting more.

Mr. Taborek: It is getting more and sooner, brand-new—

Mrs Marland: Then I think you have to get that message out from a public relations point of view because that was not the most recent message we have received.

I understand what you are saying about the comparison, when you look at the seven coal-fired units around the province, and certainly when you look at the capacities of the other units. It does not take much arithmetic to figure out that Nanticoke is the biggest, but when you compare the capacity of Lambton and Lakeview—

The Chairman: I have instructed the clerk to find out what is going on. The bell is probably just a quorum call. Unless we have to leave, we will not adjourn. Would someone near the door please close it.

Mrs Marland: In your sheet about locating scrubbers, you talk about what happened in 1988 and you say that Lambton worked about 50 per cent of the time and Lakeview worked about 25 per cent of the time. That was in 1988. My concern is where we are going to be after 1994. That was the question I was raising with the ministry staff this morning.

Mr Niitenberg: The bottom line is simply that we can discuss various bits and pieces of technology, but acid gas expected to be produced by Lakeview is going down, period. It is going to produce less acid gas. The station is going to be utilized to a smaller degree. It will be using flue gas conditioning and lower sulphur coals.

Mrs Marland: You are saying it is going to be utilized to a less—

Mr Niitenberg: Yes.

Mrs Marland: So you are saying that production at Lakeview is going to be reduced?

Mr Niitenberg: Yes.

Mrs Marland: That is really funny. If Lakeview is not going to be needed—Are you saying producing electricity or producing the acid gas?

Mr Niitenberg: Lakeview only produces acid gas when it produces electricity.

Mrs Marland: Right.

Mr Niitenberg: Let me, just for the sake of argument, say that we would be utilizing Lakeview for four hours per day—I am just using this to illustrate an example—rather than six hours; it will still be used because it is needed, because our customers and the people of Ontario would not want to be without electricity for those two hours. So it is a shift of usage. We are in the manufacturing business. We make electricity from whatever sources, and the unfortunate thing is that we have to make it instantly, to deliver it at the speed of light to the customers.

Mrs Marland: Excuse me, Mr Niitenberg. I think, with respect, we all understand that. When we look at the future demands for electricity in this province and we look at the existing equipment we have to produce that electricity, I am simply trying to get a handle on, when the demand increases and we have antiquated coal-fired units without scrubbers, without protection for the environment, where is the responsibility going to be on Hydro?



I know that part of your answer is, "Yes, we are meeting the emission reductions, as required by the ministry today, up to 1994." When we asked the ministry staff the question this morning about where the long-term global vision of the ministry was in mandating further reductions—bearing in mind that in spite of the fact the current government is claiming 60 per cent reductions required in emissions in this province, the fact is that 53 per cent of those reductions were prior to 1985—the staff said, "It is a policy question and only the minister can answer it."

I guess I am asking you as the generator of the problem—not solely or totally, but as a major contributor to the problem—how you plan to use some of these antiquated stations? When I see the capacities, obviously Lakeview has the second largest capacity after Nanticoke.

You are going to have to increase your capacity to provide electricity in this province. Are you telling me today that Lakeview will not be part of the equipment that will be needed to meet the larger demands for electricity in the next decade?

Mr Niitenberg: That is not what I am saying. What I am saying is that Lakeview will be a very important generating resource for the total system. Lakeview's energy production is expected to grow and Lakeview, in producing that energy, will be using lower sulphur coals. Now, as we move towards the lower limit in 1994, we will be installing scrubbers and we will install the scrubbers in a sequence that will most cost-effectively remove the required tonnage of SO<sub>2</sub>. We are also installing equipment that will cost-effectively remove the required tonnage of NO<sub>x</sub>.

The longer term issue you are raising is a very serious one and that is going to have to be addressed in our demand-supply studies and hearings, and that takes us beyond the middle of the 1990s. We have some new hydraulic stations that are expected to come in. They are in the process of environmental hearings and they will assist us in that.

1650

Mrs Marland: Okay.

Mr Niitenberg: I would just like to make a point. In relative terms of age of our coal-fired stations on the old system with other utilities, we have a fairly young coal-fired operation. The units are quite efficient. We have put them into hard usage and therefore we are now in the process of rehabilitating them. But there are coal-fired units running south of the border that, some of them, are twice as old as ours.

Mrs Marland: Please, do not let us compare ourselves with south of the border, because I do not think even the people who live south of the border are proud of what they are doing, Mr Niitenberg.

Mr Niitenberg: I was not making a judgement. I was just stating a fact.

Mrs Marland: No. I appreciate the information that you are giving us, but all I am saying is that I am not proud of what we are doing in terms of acid rain, where we are with acid rain in Ontario. I am not proud of the fact that we have existing today the kind of damage that is a result of our not knowing what we were doing to the atmosphere before we got on to the acid rain problems.

I am certainly not interested in comparing our facilities and our equipment with what is south of the border. I am only interested right at this moment in Ontario Hydro. You are saying that as the demand for electricity increases, we are going to be installing scrubbers. What I am asking you is, in all of the scrubber installations that were reconfirmed this morning at locations in this province, they still did not include Lakeview.

Mr Niitenberg: That is correct, because—I will come back to it again—we intend to burn a higher quality coal at Lakeview and there will be less of it burning. Therefore, to install scrubbers at Lakeview before you have installed scrubbers at every other unit is just not, from a clean air point of view, a cost-effective way of doing it.

The Chairman: Can you take a break from the questions for a minute and give the other—

Mrs Marland: Let me just finish, just on the coal, just one question on the coal. You are saying that there is not going to be a problem at Lakeview because they are going to be able to burn low-sulphur coal, because of modifications that have been designed.

Mr Niitenberg: We have been monitoring the ground level concentration of pollutants around Lakeview for years. I was station manager in 1975 at Lakeview and we set up the monitoring system in operation at that point. So we have a fairly good fix on what the situation is.

Mrs Marland: Is Hydro—

The Chairman: Mrs Marland, you are almost five minutes over the 15 minutes. I indicated that I would like to give you the first round. Could you take a break and give somebody else a chance and then we will come back to you?

Mrs Marland: You said Mr Niitenberg had to leave and I do not know whether that is going to leave us with enough time to deal with this subject.

The Chairman: How much longer do you need right now?

Mrs Marland: I will yield the floor, but I am sorry to hear that Mr Niitenberg has to leave early. That is all. If other people are here who can answer the questions, fine.

Mr Niitenberg: I think my colleagues will be able to answer questions. I was under the wrong impression that it was a two-hour session. I am sorry that I have to take off.

Mr Sola: I would like to go to the graph on page 1 of your overhead and get an explanation. Maybe I could direct this to Dr Burnham. When I look at your projections of acid gas emissions, I see there is a gradual decline projected, and a fairly rapid decline from 1989 through to 1991 where we hit a plane or a plateau at slightly over 200,000 tonnes, and then another gradual decline to 1995. After that, you have a sort of rocky road that goes up and down and I am wondering what you are projecting, what sort of problems you are foreseeing, to make those sorts of projections.

Dr Burnham: The 1989 to 1991 reduction is because of the introduction of our Darlington plant coming on line and that gives us some acid gas relief in these early years. We also deal with increasing demand and a combination of hydraulic generation and so on coming on. Mr Niitenberg wants to comment.



Mr Niitenberg: Maybe in very simplistic terms of the tradeoff, the energy production part of Darlington, which will stay on as base load when the unit is available, and this means that we will be peaking more on the coal side, represents an elimination of 90,000 tonnes of acid gas per year from the coal-fired units. So the four Darlington units coming in between next year and 1992 is what causes a reduction.

At that point then, we would have to have the scrubbers ready to maintain it. Otherwise, the swing would be up again. That is the strategy of positioning our scrubber program in that time slot. As Dr. Burnham mentioned, we have three hydraulic projects now at various stages of discussion and hearings, which would add a little bit to the energy but quite a bit to the peaking capacity.

Mr Sola: All right, but what would explain your wave motion? In 1996 it goes up. In 1997 it goes down. In 1998 it goes up almost to the 1994 level, and you are going down in 1999 and up again in 2000.

Mr Taborek: It would be two things. The scrubbers do not go in each year. There are some gaps between each year. The year it goes in, the emissions go down, but the next year they bounce up as the load grows again.

If we have a hydraulic station go in, again in that year it will drop, but then rise as growth rises. If we take a nuclear unit out for maintenance for six months, the emissions will go up again because coal will pick that up. It is a series of those.

One of the things we do in designing a program is to schedule those things in just the right places to keep a generally smooth picture below the limit. Those are the things that are causing those bumps, and those bumps will change with every forecast we do, with every different plan.

Mr Sola: I think that clears it up a bit. Normally, I can see that happening when you see the amount produced, but when you are making projections that do not give you a direction but give you a wavy line, that sort of throws me for a loop.

Mr Niitenberg: Our production mix, which has a big influence on it, keeps changing. When we have nuclear units out for retubing, as we plan to do at Bruce, that takes a big chunk out of it. If the load growth remains, that throws it all on coal, which is the swing fuel, so we have to be very judicious when we schedule these outages and so on.

Mr Charlton: It really hurts when the tubes go out unexpectedly.

Mr Niitenberg: It hurts economically when the tubes go out unexpectedly, yes.

The Chairman: Ms Bryden.

Ms Bryden: I prefer to let Mr Charlton take my spot. He is the critic for energy.

The Chairman: He is next in line. That is very gracious of you.

Mr Charlton: Mr Niitenberg, I would like to say that it is good to see you again. We missed you at last year's select committee on energy hearings. This is my third déjà vu this week, but I think we have been here before.

Mr Niitenberg: It is my good fortune to be here because the president is opening a cogeneration unit up north.

Mr Charlton: I would like to ask a few questions about comparing conservation estimates. My recollection of the hearings last fall—I understand you were not there but others of your colleagues were—is that the Marbek study documented a technical potential for roughly 9,000 megawatts of cost-effective conservation. You are talking here today about 6,000 megawatts of peak cost-effective conservation. I assume that is the differentiation that is happening with this number here today. You have determined that in that study there were only 6,000 potential conservation megawatts that could help you to affect peak and therefore have an impact on reducing the operation of coal plants. Is that where we came up with this 6,000 figure?

1700

Mr Niitenberg: No, let's be clear that our present program, as laid out by the energy management branch, has a number of components to it. On the conservation and energy efficiency, it is 1,500 megawatts of market-driven reduction and 2,000 megawatts of incentive-driven. In addition, there are 1,000 megawatts of load shifting.

Mr Charlton: In your plan?

Mr Niitenberg: Yes.

Mr Charlton: I am talking about the 6,000 megawatts of peak, cost-effective conservation measures we are talking about here, both in the ministry's document and the sheet you supplied to us today.

Mr Taborek: I chose to address 6,000 here, because that was what the ministry had put before people earlier this morning. I also corralled our demand management people over the lunch-hour and asked them about the 9,000, and I think Marbek even goes up to 12,000 megawatts in certain instances.

Mr Charlton: Oh yes, in addition to that—well, I will come to that in a minute. Go ahead.

Mr Taborek: From what I understand, the difference between the 9,000 and the 6,000 simply relates to the fact that they are dealing with more innovative technologies that are not proven and the 6,000 tends to be more those that are relatively proven. That is the difference between the two.

Mr Charlton: Okay. I wanted to get some kind of an explanation on the record in terms of that.

Mr Niitenberg: If I could make a general comment on this incentive-driven conservation, we are working quite hard on various programs and so on, but we are only a part of it. Hydro cannot do the conservation. It has to be done by our customers; it has to be done by all of us.

Mr Charlton: That's right.

Mr Niitenberg: To argue some of the programs with us only, rather than get the word out, is like putting a bucket of oats on the wrong end of the horse and then not getting appropriate results. I assure you, Mr Charlton, we are trying. We do not know what the final number is.

Mr Charlton: That leads me into my next question, so I thank you for



that comment. The Marbek study, as we have said, actually documented more than the 9,000 megawatts. My recollection is the 9,000 megawatts were supposed to be cost-effective at five cents a kilowatt-hour or less; it was more than that in the Marbek study. But am I also not correct that the Marbek study set out a number of areas at which they had not looked at all, where there was therefore some outstanding conservation potential that had not been documented at all in their study?

Mr Taborek: First of all, I am not an expert; I have not gone through the Marbek study. But it would not surprise me if they did.

Mr Charlton: Okay. That is my recollection on this.

Mr Taborek: I would imagine that is true, because if you look at building up demand management programs, you are basically looking around for lots and lots of opportunities. At the moment, people have uncovered a certain number, that 6,000 or whatever number you wish to talk about. Clearly, people working a little more are going to find more; naturally, it is obvious. Whether what they find will be economic or reliable, whether it will be acceptable to people, I think you have to go away from what might be out there to what you can actually deliver.

Mr Charlton: That is exactly where I am coming from.

Mr Taborek: That is why I do not think that talking about 6,000, 9,000 and 12,000 is very practical. I would like to see somebody who could deliver it.

Mr Charlton: That leads me precisely into the next questions. I understand the comment that you have made in this one-page document here. The fourth item on that document says, "This assumes 100 per cent penetration." That is referring to the 6,000 megawatts versus within your plan?

Mr Taborek: Of the identified initiatives.

Mr Charlton: Right. My concern is that I understand that we still do not have—Hydro has not done, the ministry has not done—any implementation and market studies in terms of the question of answering this thing that is a couple of items further down: "Nobody knows now what this number will be" and "Will learn the answer when we go out and try to get it." We still do not have those studies. Am I correct?

Mr Taborek: No amount of studies are going to tell what is going to happen.

Mr Charlton: No, that is not correct. If you go out and do demonstration projects, where you provide in one case a particular incentive and in another case another particular incentive, you are going to find out what that incentive will get you.

Let me just run through a bit of the history so that you can answer all of the question that I want to ask here. We raised these issues with Hydro in the spring of 1986 and we got precisely the same answers we are getting today in respect to implementation to this question of how much we can effectively bring into the system.

The select committee very specifically recommended that the ministry direct Hydro to go out there and to do the implementation studies in three

pilot projects: one in the industrial sector, one in the commercial sector and one in the residential sector. We still have seen nothing from anybody. You may have done something, but we certainly have not been provided with it if you have.

The next step in that history is that last fall when I raised it again with Mr McConnell because of a couple of statements in the demand/supply planning strategy document, Mr McConnell said some of that stuff is in progress. Where are we at in terms of answering some of those market analysis questions?

Mr Niitenberg: It is my understanding that will be part of the main supply program package this fall. It will have a key component of demand-modifying initiatives in it.

I would like to express a personal view and concern. I share your concern on some of these programs, but possibly for a different reason. I handle operations and it is my job to meet the customer demand. When I look at the last five years' figures, from 1987-88 the peak load in Ontario went up by 2,488 megawatts. On an average over the last seven years, it has gone up 831 megawatts.

If that continues, I do not have enough generating resources to meet that load. Therefore, it is very important that the conservation amount that is included in the program gets met.

Mr Charlton: That is right, and I fully understand your concern, Mr. Niitenberg. On the other hand, if the market projects that have been suggested so many times had been done, maybe you would have been in the position to ensure that demand did not go up as fast because you would have known what incentives to put in place to bring on some conservation to slow it down. Unfortunately, none of that has been done yet.

Let's move for a minute to the DSPS process, the planning process that is under way, and its impact—

Mr Fleet: Excuse me, Mr Chairman, could I ask a supplementary question?

Mr Charlton: Sure. Go ahead.

The Chairman: Mr. Fleet caught my eye a minute ago, I think, on the last pause.

Mr Fleet: You had a series of questions on conservation, and I would like to put a problem and a related question in perhaps a little more human terms but along the kind of line that was being raised. You were talking about the interaction between your customers and what you do in terms of conservation. That is the kind of problem I am wondering about.

For instance, right now you put out a booklet that proposes, among other things, that if people buy fluorescent bulbs that screw into ordinary sockets for bulbs, they will save energy and save money. People like me say that is a good idea and we put it in our householders and tell all of our people that they should do that. I have done that and I have in fact gone out to the stores and, because we are looking to replace lamps, I have been particularly anxious to look for lights and things like that.

Lo and behold, I have been in probably 20 or 25 stores looking for



lights and I have yet to find a store that sells one of these special new-fangled kinds of bulbs that is going to save me money. It does not much matter if you have communicated about how you save money if the product is not commercially available.

Now that Loblaws has got its new Green campaign on, maybe they have got it there. I do not know and I have not checked them out yet. But I have been to a lot of lighting stores and none of them have it. They do not have it my riding. They do not have it in other places that I have been in the Metro Toronto area, at least that I have seen. Maybe there are some, but I have not come across them.

I am wondering whether it does not make more sense for Ontario Hydro to pay more attention to the marketing of the products that are going to be conservation-oriented. The reality is that if somebody is going to use an energy-efficient light bulb, if you are not going to have it in the aisle next to the other things they are buying, people are not going to buy it. With whatever good intentions they have, they just are not going to buy it. It is not the kind of product that they are going to go out of their way to buy.

1710

It seems to me there is an incentive for Hydro to make sure that those kinds of products are marketed well, even if it is not a product Ontario Hydro is selling. I am not sure you can answer this question directly—it is a tough question—but I think it is a message you—

Mr Chairman: Sounds like a statement so far, Mr Fleet. Do you have a question?

Mr Fleet: My question is, what can you do to improve the ability of people, in practical terms, to use conservation methods that you want them and are advocating for them to adopt?

Mrs Grier: They don't want it.

Mr Niitenberg: I would say in that regard we have made the assumption that the marketplace and private sector operation would take care of this need. Obviously, we do not put in our pamphlets a very specific recommendation of what store to buy the thing at—we do not have this type of endorsement—but we do know where these are available and we can make that information available from our marketing people.

Mr Fleet: But it has got to be available to everybody. That is the point. Just telling me is nice, but it is not solving the problem.

The Chairman: Could I interject here, please, Mr Fleet? If this was a supplementary, I think we are getting a little bit carried away here.

Mr Fleet: Mr Charlton has been very generous.

Mr Charlton: It is an excellent point and it is—

The Chairman: It is an excellent supplementary. Mr Charlton has a brief further question, and I would like to allow Mrs Marland a chance to have one last question.

Mr Charlton: My last question will be very brief. This morning in

our discussions with the ministries, two things became very clear. One is that perhaps the decision about 20 kilograms per hectare per year was a decision that was appropriate at the time but gradually, as new information becomes available, you have to look at reassessing that particular target.

Second, if the proposed programs in the US fail, in other words, if Congress does not come through with the legislation and there is no effective program in the US, we will not be able to meet even the 20 kilograms per hectare deposition with the present Countdown Acid Rain program. So it is very likely that at some point we are going to see new, lower targets for acid rain emissions and depositions across the province and ultimately that is going to affect Ontario Hydro as well as the other three major contributors.

Hydro is in the process of going into the final stage of developing its preferred plan for the next 20 years. Presumably, the Hydro preferred plan will be tabled with the government this fall and will go through a year, year and a half, maybe two years of review, consultations, select committee, interministerial technical task forces and whatever else. But we will go through that process for a couple of years and probably by the end of 1991 or some time in 1992 we are going to have Hydro with an approved plan in its hand.

What impact is it going to have on Ontario Hydro if, after that plan is approved, the Ministry of the Environment comes back and says, "We've got new targets for you guys for 1999 and they're fairly substantially lower targets than the 1994 targets"? It is like anything else: The first big chunk is the easiest and, technologically, as you get down into the last part of the pit, it gets more and more difficult to get at the remainder. To what extent is Hydro going to be in a bind in terms of future lower standards beyond the 1994 targets if it is not a part of your planning now for the next 20 years?

Mr Niitenberg: There is no question that the next increment will be much more difficult and it will be much more costly. From that point of view, I think what we have going for us is that we are not relying on any one item in totality.

The first additional step obviously would be additional scrubbers, if need be, but every additional scrubber is going to remove less—

Mr Charlton: And less.

Mr Niitenberg: —less and less, and finally it does not become cost-effective.

Mr Charlton: I guess the reason I am asking the question is because we could not get a clear answer out of the Ministry of the Environment this morning about its time line on phase 2 of Countdown Acid Rain. Would it be your recommendation that, to the extent that it is possible, the Ministry of the Environment has to speed up its process a little bit so that that can get fed into the final stages of your planning process? Would that be useful?

Mr Niitenberg: I am fully occupied in trying to do my job and I have no expertise to advise what—

Mr Charlton: I guess that is why I was asking you. How much is it going to screw you up if they dump this on you three years after you approve the plan?

Dr Burnham: We are looking at a plan that has flexibility.



Flexibility only goes so far, but it is certainly one of the considerations that we are looking at in the formulation of the plans.

I would like to say something about the effect of our 60 per cent reduction of acid gas emissions on acid gas loadings in sensitive areas of Ontario. A 60 per cent reduction of our emissions accomplishes a three to four per cent decrease in acid gas loadings in sensitive areas, and it would be impossible to achieve the ministry's target of 20 kilograms per hectare per year by only controlling Canadian sources, even if you controlled them completely.

Mr Charlton: That is exactly why I raised the question. Let me put the question to you slightly differently. Would it enhance Hydro's ability to be able to maximize SO<sub>2</sub> and NO<sub>x</sub> emission reductions in phase 2 if it got built into the planning process over the next two or three years?

Mr Taborek: The planning process has to deal with myriad uncertainties, of which regulatory changes are one.

Mr Charlton: The fewer the better, though.

Mr Taborek: Well, there are so many that one or two fewer hardly matter. For instance, load growth is by far the biggest. The amount of demand management, the amount of nonutility generation, the performance of units, the approval process, CO<sub>2</sub> regulations, NO<sub>x</sub> regulations, SO<sub>2</sub> regulations—I could go on and on and on.

Mr Charlton: Hydro officials have always told us that the more they can reduce that uncertainty the better they can do the job. That is what they told us last fall in the hearings; that is what they told us in 1986 in the hearings.

Mr Taborek: I think this would be a case of the tail wagging the dog. The decision on the next emission reductions and its effect on society is something that is going to have a very serious impact and it should be dealt with in that context. It is a discussion between the public and the government where it decides and it basically advises us what it wishes, and then we do it.

Mr Charlton: I am not suggesting Hydro should be advising the government or the Minister of the Environment on what the next level of reduction should be. I think what I am asking is: Would it be helpful to you in your planning process, in terms of setting your plan?

Mr Taborek: To a degree.

Mr Niitenberg: It would be helpful if one of the parameters was—

Mr Charlton: Clear.

Mr Niitenberg: Carved in stone and clear, yes. It would not be much easier to meet it, but at least we would know what we are doing.

Mr Taborek: We have had our regulation change on us four times since 1981, so we are getting pretty good at handling regulatory changes.

Mr Charlton: Yes, but each one pushes—

The Chairman: Mrs Marland, I think we have about five minutes if you want another question.

Mrs Marland: I would like to go back to Mr Niitenberg and re-place the question, quite simply. It happens to pertain to Lakeview, but I guess it pertains to the overall question about planning.

With the kind of sophistication that is available to Ontario Hydro, and I am talking in terms of people like Dr Burnham and other people whom I have a great deal of respect for in the organization because they are people who have the ability to do anything that Hydro assigned to them in terms of research, development and planning, how is it that a few years ago—and I do not know what you meant when you said that a few years ago four units were expected to be needed at Lakeview.

How is it, with the known factors of growth in this province, that you could be out 50 per cent in terms of Lakeview alone? Just trying to look at the overall picture, what is scary is that if a few years ago we thought X for Lakeview and in 1989 we are saying eight instead of four, and we are trying to plan for the protection of the environment and meet the requirement for electricity in the next decade, how is it that Hydro does not know what the load demand is?

1720

Mr Niitenberg: The answer is very simple. We cannot foretell the future accurately. To talk about Lakeview and put it in the context of four units versus eight units, four units at Lakeview are 1,200 megawatts. Our peak load was over 23,000. It just happens to be that Lakeview is at the tail end of the operation. If the load drops by 2,400 megawatts, we will not operate Lakeview. If it goes up, Lakeview will come in.

So Lakeview will have much more leverage than any other unit in our operation. If you are saying that Hydro should be chastised because in 1982 we did not foresee that Ontario's economy would boom, then I would have to admit, yes, we were wrong. We were terribly wrong and I think so were many others.

Mrs Marland: You are senior vice-president of operations and I cannot believe that you can say that Hydro cannot foresee the future. You cannot foresee the future to a finite detail, but you only have to look at the past decade to have some feeling. You have your own economists with all kinds of reference available to you. If you cannot foresee the future period, then I guess you cannot do any planning. Where is the responsibility to those of us who depend on you?

Mr Niitenberg: I said that if we had any blame, it was that we did not foresee the future accurately. We do flexible planning. We have various scenarios we follow in terms of: "If this happens, this will be our response." For this reason, we have been quite successful in delivering electrical power.

I will revert to an example on the cost side. One of the very important ingredients in our cost structure is the value of the Canadian dollar versus the United States dollar. If I could predict that with deadly accuracy, I would not be sitting here, I assure you. I would be retired and very wealthy. There are a lot of unknowns. You can only try to bracket these things and we try to do that.

The Chairman: I should interject and thank Mr Niitenberg or he is going to miss his obligation, Mrs Marland.

Mrs Marland: If he is going to leave, I actually have a suggestion



to amend the agenda for next week. We have Inco next Thursday at 10 in the morning for the whole morning. I was going to ask the committee if it would consider having Algoma come Thursday morning, 22 June. The priority is Hydro and this is not enough time to deal with Hydro, so I wondered if we dealt with Algoma in the morning of 22 June—

Mrs Grier: Can we leave this discussion to the end?

Mrs Marland: It is just so Mr Niitenberg can arrange his schedule, or maybe the president or the chairman will be available next week.

You are basing a lot of your planning on low-sulphur coal and you have just alluded to the flexibility of the US dollar against our dollar. A lot of low-sulphur coal comes from the United States, yet in your report you talk about renewing contracts. I do not know whether those contracts are with US coal mines or Canadian. Also, could you comment in the same subject area about the intergovernmental secretariat for the increased use of low-sulphur coal in Ontario? How much does Hydro have to do with that?

Mr Niitenberg: To answer the first part of your question, most of our low-sulphur coal comes from western Canada. We receive 30 per cent to 40 per cent of our low-sulphur coal and lignite from Canada. We receive some from the United States.

Mrs Marland: That is 30 to 40 per cent?

Mr Niitenberg: —of our total coal consumption comes from western Canada and it is all low-sulphur.

Mrs Marland: So where does the 60 per cent come from?

Mr Niitenberg: The United States, and it is a combination of medium-sulphur and low-sulphur coals.

Mrs Marland: Most of the coal comes from the United States?

Mr Niitenberg: Yes.

Mrs Marland: What do you see in future with contracts with the United States?

Mr Niitenberg: As Carole showed, we are obviously in the market for lower-sulphur coals. We blend some of the US coals which tend to have higher sulphur with low-sulphur western coals, so we will be buying both from out west and from the US. Right now we are paying a considerable premium because of transportation costs from out west, about \$60 million per year.

Mrs Marland: That is the equation I am trying to develop here, because there is some controversy about the Thunder Bay terminal in terms of the costs of bringing the coal from the west, and I suppose from the United States, which you have less control over. That is why I am asking which contracts you are referring to in your report about renewal.

Mr Niitenberg: We have a large number of coal contracts both in Canada and the United States. It is not just one contract. These roll over, and some of the western Canadian coal contracts and the US contracts are up for renewal. But the equation is a lot simpler. The coal from British Columbia comes from 3,000 kilometres and the coal across the lake travels a short

distance by rail and then by boat. Just the kilometres it has travelled add to the cost and the difference in rail rates between Canada and the United States.

Mrs Marland: The part of the equation that becomes interesting is that the low-sulphur coal is more expensive wherever it comes from.

Mr Niitenberg: Yes.

Mrs Marland: You are weighing that against using higher-sulphur coal and investing in scrubbers, right?

Mr Niitenberg: Yes. Our focus is on ending up with clean air and doing it in the most cost-effective manner. We recognize that we are part of the problem and our program is also designed to address that we are part of the solution. We are looking at various combinations of how to remove the biggest tonnage of acid gas pollutants for a minimum investment and minimum cost to Ontario electricity users, and we are not ashamed of it. That is the basis of our program.

The Chairman: Thank you very much for your detail. I really have to cut it off, Margaret, because I think we are imposing upon Mr Niitenberg. We will talk about possibly working in more time, but we will have to negotiate that a little later.

Mr Niitenberg: I very much appreciate being here and also being allowed to leave at the moment. I think my colleagues will be very able to answer the questions and hopefully we can clear it up.

The Chairman: The only person other than Mrs Marland who had caught my eye until then was Mrs Grier. Did you want to pursue your line of questioning at this point with the two remaining witnesses, or should we turn it over to Mrs Grier for a while?

Mrs Marland: In fairness, I think I will give it to Mrs Grier for the time being, if you put me back on.

Mrs Grier: Picking up on the last statement about Hydro's desire to reduce acid gas emissions as much as possible but in the most cost-effective manner, I wanted to pursue a little the possibilities, technically, of coming below the Countdown Acid Rain levels, because I think we heard this morning, and you said it yourself, that even if we meet those levels we have not adequately protected the environment of Ontario. I know about the US problem and all the rest of it, but if we want clean air, then we have to come right down to zero whenever we can.

Has your examination concentrated solely on meeting that target? Or what would it take to get you much below that?

1730

Mr Taborek: What we have looked at is being below the target by an amount sufficient to avoid unduly exceeding it, or hitting it if we have uncertainties in hitting this. We have also aimed at making it go down smoothly from now until 1994. We are aiming to be below.

Mrs Grier: Is it possible to continue the line coming down at the same kind of both effectiveness and cost-effectiveness the downward slide is on, or are we looking at the next jump below the 215,000 tonnes as being very much more expensive than what you are planning to do until then?



Mr Taborek: Yes. It is not at the same cost-effectiveness, because basically what we do is line up all the options in order of cost-effectiveness, and each additional one we add on is going to be less and less cost-effective. One of the things I should explain is that while we are staying at a given level of 215,000 tonnes or less, we are going to be producing more and more electricity all the time, so even the given limit we have now will require us to put on more and more emission controls, with higher and higher marginal costs, as the years progress.

If you lower the limit again, what one does is add the next batch. For instance, if a regulation were imposed that pushed us to eat up all the options between scrubbers at Lambton and scrubbers at Lakeview, our costs would be 3.75 times as high per unit of SO<sub>2</sub> removed. Just on the basis of looking at this thing, it removes a quarter as much. That gives you a feeling for how the costs escalate with increasing reductions.

Mrs Grier: Okay, but as Mr Charlton pointed out, you are heavily into planning for your next 20 years of generation load. Assuming the public and the government's concern about acid rain is not going to diminish in 1994 merely because you have reached what really is a theoretical level of what could be produced, not a level related to health effects, because we do not know those, or even to getting below what is appropriate on the most highly sensitive areas, what has to happen and when does it have to happen to make sure we do not in 1994 just begin to think, "Okay, what's the next stage?" It is going to take us a decade to plan, implement and reach the next stage.

If you have now submitted your final reports and know what you have got to do through 1994, is it not appropriate that you start planning tomorrow for 2004, if we are moving in 10-year phases?

Mr Taborek: One of the points which has come up which I think should be clarified is that we are not planning for 1994. The plan we have given takes us to 2000; this plan we have put on the table takes us to 2000.

Mrs Grier: But I do not see any major reduction between 1994 and 2000. You are content to stay at the same level of 215,000 between 1994 and 2000.

Mr Taborek: Yes, at that level. If I might add one other thing, we have also, in our environmental approval process, asked for approval of up to 20 scrubbers, although our plan to 2000 shows only eight. The reason is to shorten the lead time for when additional action is required and to handle all the uncertainties in the world. One of the uncertainties could be an additional limit reduction; then what we would do is add more scrubbers, given the world as we know it now. We would also go through and look at more demand management, more low-sulphur fuels, etc. We would go through the whole spectrum of options, but that is an obvious one.

Mrs Grier: But I thought that even with eight scrubbers, you were still going to be at 215,000 in 2000.

Mr Taborek: Below 215,000, but yes, this is a program designed to meet this regulation and better it.

Mrs Grier: It is not a heck of a lot better by 2000.

Mr Taborek: Well, I will accept your comment. It is hard to design a program for a regulation you do not know the details of. I cannot design a

program, because words and commas and things like that are important. You just cannot do it.

Mrs Grier: You would therefore agree, maybe, that if one makes the assumption that whoever is Minister of the Environment in 1994 is going to want to see not just the 215,000 tonnes maintained for the next six years but is going to want to see that line continue to decline, you would more likely be able to achieve that if you began planning now rather than waiting until 1994 to begin to plan how you are going to take the next reduction.

Mr Taborek: We have already planned for it. As I mentioned, when we submitted this environmental assessment document, we put one of the key elements into place to shorten the lead time to react to any future uncertainty affecting acid gases, one of which could be a regulation change.

Mrs Grier: I see.

Mr Taborek: We would not be surprised to learn that at some future date there was an additional reduction regulation imposed on this.

Mrs Grier: Would you agree with me that the sooner you are informed of that possibility, the more chance there is of your meeting it?

Mr Taborek: No, being informed of the possibility is not of much use, because I am informed of that. I want to see the actual wording.

Mrs Grier: You want to see Countdown Acid Rain phase 2 on paper before you start planning.

Mr Taborek: Exactly. You really need the details to design a proper plan.

Mrs Grier: Let me turn to the issue of the waste discharges from the scrubbers. I understand that the Department of the Environment, in its response to your environmental assessment, expressed some concern that you had not adequately addressed that. I know Dr Burnham did mention the possibility of flooding the market with wallboard. It would certainly be my hope that you would be looking to zero waste in your implementation of the scrubber program. What planning are you undertaking to reach that objective, and what needs to happen for you to reach that objective?

Dr Burnham: We are having discussions with a number of wallboard manufacturers who have expressed interest in our byproduct. We are looking at selecting the processes that will in fact be able to make that byproduct.

We also are aware of other market potentials such as the possibility of using it for cement or using it as road fill and so on, and our supply division does have an active section that is trying to look for markets.

In addition to that, if it turns out that we need to do more research and development to find out where more products could be used, if that is identified as a part of this look by supply division, we will undertake that.

Mrs Grier: Given that all of that is not yet firm and has to be worked on, I have not seen your environmental assessments of the scrubbers program, but what provision did you make in those for disposal of the product?

Dr Burnham: We addressed different ways of handling the waste. It



depends again on the process, but generally speaking, if you are using a wet process, you can go through some filtering processes and then dispose of it as a relatively solid landfill product; or with an area nearby, there is a process whereby you can essentially discharge a relatively liquid waste within an earthen dike and let it dewater, make sure the components coming out of that liquid are environmentally acceptable and then form dikes out of the gypsum-type product. Eventually, at the end of 20 years, you would be able to put topsoil on it and plant grass.

It would be much nicer if we could sell it as a byproduct, and I would be much happier to see us do that.

1740

Mrs Grier: Presumably, it would be even more economical if you could sell it as a byproduct also.

Dr Burnham: No, it turns out that that is not the case. The way prices for land are and the ways in which we would have to adjust the process to be able to produce the byproduct, it turns out to be more expensive to sell it as a byproduct, because you are competing in the marketplace and you cannot get as much for it as it costs you to produce. I wish that were not the case, but that seems to be the case.

Mrs Grier: So in effect you are saying that if you put scrubbers on Lakeview, it is going to be cheaper to find a location and dispose of that volume of waste than it is to find a way to market and reuse or recycle that waste?

Dr Burnham: I was thinking more of Lambton and Nanticoke. Lakeview is a slightly separate problem, because we cannot keep our wastes on site. As you may be aware, the wastes have to be trucked offsite, so it is a slightly different problem. But if we are looking at the stations we are going to be installing scrubbers at first, Lambton and Nanticoke, then what I have just described is the case. It is less expensive to acquire the land and to operate the sludge disposal process than it is to produce a byproduct which is competitive in the marketplace.

Mrs Grier: But is it not the case that none of those municipalities even commented on the need for that landfill site when they commented on the EA?

Mrs Marland: Excuse me for interrupting, Mr Chairman. I just want to explain that I have to go downstairs to the standing committee on resources development for a vote, and I will look forward to continuing the dialogue with Hydro when it comes back to the committee.

The Chairman: I hope you know the right way downstairs on a very informed basis, Mrs Marland.

Dr Burnham: My recollection of the feedback on the public information and consultation process was that the concerns expressed were related to use of the byproduct, possibly reheating the flue gas as it goes out the stack and trying to minimize liquid discharge.

I am just searching through our environmental assessment document here. Generally speaking, the people around the Lambton area were in favour of the project, because it reduced acid rain and improved air quality in the area and

because it increased construction opportunities. Yes, some were concerned about the waste disposal area.

Mrs Grier: Was the extent of the waste made plain to them, and the fact that you were going to—

Dr Burnham: Absolutely. There were figures showing the amount of area and potential locations and so on.

Mrs Grier: In their comments on your report, which I was not looking at when I asked my earlier question about nonutility generation, I see that my concern about the transfer responsibility for emission to others not being subject to the regulation was one of the things identified by the ministry. It went on to say, "The ministry wished to ensure that complete information on the projected NO<sub>x</sub> and SO<sub>2</sub> emissions from nonutility generation is made available," and that emissions from nonutility generation are accounted for in the provincial abatement strategy.

There is not a provincial abatement strategy for anything other than Hydro and the three major polluters, so how do you see yourselves complying with that comment from the ministry?

Mr Taborek: I believe that is a task the ministry is setting for itself, not for us especially. We would develop the provincial—

Mrs Grier: They go on in the same paragraph to say, "Hydro should report on its actual and expected NUG agreements to the Ministry of the Environment," on page 23 of their comments back to you.

Mr Taborek: We have no problem with assisting the ministry to obtain information to incorporate whatever is appropriate in our contracts. The ministry is really the regulator, not us, but we would certainly co-operate to whatever extent is required.

Mrs Grier: Okay, but have you taken into account the possibility that in your agreements with nonutility generators, you may well have to require them to meet an emission standard that is better than existing standards in the province? Otherwise you would be in danger of transferring emissions from an Ontario Hydro plant to a private plant.

Mr Taborek: Let me answer this way: We have accepted that we will include provisions in our contracts to ensure that the provincial requirements for emission controls are met.

Mrs Grier: You mean the existing regulation for your wastes.

Mr Taborek: I am not trying to dodge you. The way you phrased it gave an implication of some future better regulation which we really do not know about. Whatever is required, we will do.

Mrs Grier: In other words, existing regulation 308?

Dr Burnham: Whatever regulation is in place at the time the agreement is signed. I think Mr Taborek also referred to the fact that we were looking at incorporating an environmental requirement in our contracts. We have not finalized that but it is something we are looking at. It is a matter of deciding how and what to incorporate.

Mrs Grier: That is a great concern of mine.



Mr Taborek: The requirements should be aimed at meeting whatever applicable provincial regulations there are.

Mrs Grier: Have you done any analysis of the most sensitive areas of the province and their relationship to your locations? You have explained to us your decision to put the scrubbers on Lambton first by the volume produced by Lambton and all the rest of it. Do I take it, then, that you did not examine where Lambton's emissions fall and the sensitivity of that area as opposed to, say, the greater sensitivity of another area affected by a different station?

Mr Taborek: We have done studies that in effect show in any area which station is producing the deposition. On the scale you are looking at, there is not a lot of difference between Lakeview, Nanticoke and Lambton—

Mrs Grier: You mean in deposition area?

Dr Burnham: —when you get several hundred miles away. That is not a very sensitive parameter. More sensitive by far is to go to the station where you get the biggest reduction. I believe when the government set up its program and allocated the cuts to the smelters versus the utilities, etc, it also put into its models the location variables, the cost variables, the magnitudes of the cuts, and it did its proportioning with that in mind.

Mrs Grier: Do you agree with the ministry that your strategy could result in increased emissions of pollutants other than  $\text{NO}_x$  and  $\text{SO}_2$ ? What work have you done to meet their requirement of greater information about that?

Dr Burnham: With  $\text{SO}_2$ , I do not feel that we are going to be changing the characteristics of other emissions. I agree, certainly, that when you consider nitrogen oxide control technology, there is some potential for changing emissions. The best thing you can do to get the most energy out of the coal and to get the most amount of coal burnt is to burn it at the highest temperature possible. That tends to produce the most nitrogen oxide, unfortunately.

If you then reduce the temperatures or change the way in which combustion occurs, you can have some unburnt carbon, for example, produced and you do have to operate your station very carefully to avoid those other emissions. But it is not as easy for an operator to operate with the low- $\text{NO}_x$  burner as it is to just be allowed to burn at the most efficiency possible.

The Chairman: I would like to thank you very much for your very lucid answers all afternoon. I had a talk with your vice-president of operations before he got away. He is receptive to coming back and has indicated that the same players would probably be more pertinent than changing them. We are going to try to accommodate Mrs Marland at some point, probably next Thursday. There is a chance that it may be at 4:30 pm, but that is completely tentative at this point, based on a few other things we are going to have to talk about.

Right now, Algoma is scheduled for 4:30, and because of the type of their presentation we may get them to move and have Hydro come back.

Dr Burnham: I am afraid I will be in Banff next Thursday, unless the senior vice-president of operations wants to pay my trip back. I could come back, but I am sorry; I will be on vacation.

The Chairman: Just by way of information, so the clerk will know, are you available the following Thursday?

Dr Burnham: Yes, I am.

The Chairman: Maybe it will be on 29 June, then. I just want to indicate this to the committee so it does not come as a surprise that I may be asking for an agenda modification at the beginning of next Thursday's meeting.

Mrs Grier: Perhaps you could ask Mrs Marland, if she had some questions, to submit them and we could get the answers back in writing. Hydro loves to give us more paper when we ask questions.

The Chairman: Because of her haste to get away to the other committee, I really did not get a chance to talk to her as much as I would have liked, but that is another possibility. This is generally what is done: If a committee member has an additional question or two, he just submits them in writing to the presenters. It has worked very well up until now and that is a very good suggestion.

Without further ado, we will adjourn. We will meet again next Thursday at about 10:10 am.

The committee adjourned at 1751.





CA20N  
XC16  
-G-24

STANDING COMMITTEE ON GENERAL GOVERNMENT

ACID RAIN ABATEMENT PROGRAMS

THURSDAY 22 JUNE 1989

Morning Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)

Bryden, Marion (Beaches-Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park-Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitution:

McClelland, Carman (Brampton North L) for Mr Ruprecht

Also taking part:

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Marland, Margaret (Mississauga South PC)

Clerk: Carrozza, Franco

Staff:

Yeager, Lewis, Research Officer, Legislative Research Service

Witnesses:

From Inco Ltd (Ontario Division):

Aitken, W. R. O., Executive Vice-President

Ferguson, Charles, Director, Environmental Control

Banbury, Larry, Manager, Environmental Control and Occupational Health

LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday 22 June 1989

The committee met at 1015 in room 228.

ACID RAIN ABATEMENT PROGRAMS  
(continued)

The Chairman: The chair recognizes a quorum. I will make some preliminary comments. We will get to the Inco Ltd presentation as quickly as we can.

My first comment has to do with the fact that this morning there are two motions being discussed in the House, one of which is environmentally oriented. It is related to the Rouge River Valley and is put by Mr Cousens. Because this is an environmental concern we are dealing with here, there will be some overlap and members will be coming and going for at least the first hour of our discussion this morning. I would like to mention that.

The second thing is that on our agenda as it reads, Algoma Steel Corp Ltd was to be here at 11:30 to make a presentation. We received a communication from them addressed to the clerk, and it says: "Further to my letter of June 15, 1989 and our subsequent telephone conversation, Algoma cannot make a presentation to the committee in the time frame provided. The ministry's response was received here in Sault Ste Marie on June 19 and we have not been able to evaluate its contents. We would be pleased to make a presentation at a future date." It is signed by Fraser L. Craig, environmental control and industrial hygiene manager of Algoma Steel Corp Ltd That agenda item will be deleted because of that.

Are there any comments by members of the committee before we start the presentation?

Mrs Marland: I would like to discuss Algoma's letter later on this morning if possible. I would like to give my initial apologies to Inco, because as the environment critic for our party, I now have to absent myself to go and speak to this motion in the House. I apologize for missing part of your presentation. I will be back as soon as I can.

The Chairman: Any other comments? Then without any further comment, I would like to introduce Roy Aitken, executive vice-president of Inco Ltd; Charlie Ferguson, director, environmental control; and Larry Banbury, the Ontario division person stationed in Sudbury. That is the information I have here.

I understand, Roy, that you are going to be the point man here this morning. I think everybody up here knows who you are, so if you would like to take it and do your presentation, I would appreciate that.

INCO LTD (ONTARIO DIVISION)

Mr Aitken: Thank you very much. We appreciate the opportunity to appear again. It seems to me that the last time we appeared before this committee, there was a lot of water to go under the bridge. We had lots of good intentions, but we did not really know where we were going. Now we think



we know where we are going and we are happy to have this opportunity to tell you a little bit about it.

If I can expand a little bit on Larry Banbury's functions, he does come from the Ontario division. He is based in Sudbury and is the manager of environmental control and occupational health.

I am going to take a back seat for a moment and we are going to do one of these mandatory slide presentations for you to get you all in a good frame of mind. Charlie Ferguson is going to do that. Then we will try to respond to your questions.

Mr Ferguson: I must tell you, Roy has not seen this presentation either. He may have some criticism on it.

Mr Aitken: I may have some questions.

1020

Mr Ferguson: Basically, I am going to review the control program we are embarking on in Copper Cliff, but to begin, I would like to background it to show you why the smelter and our Ontario division is as it is and what we started with, and then we will walk into the program we are now embarking on.

In the Sudbury district, our operation is not just a mine; it is a series of mines feeding around the contact of the Sudbury basin. They feed into mills that are essentially located at Frood and Copper Cliff, and the mills feed a concentrate to a smelter at Copper Cliff.

The ore in Sudbury is rather complex. This indicates the chemical composition of the ore. We have essentially 15 significant elements of economic interest; I should say 14, and one of little interest, sulphur. The ore, though, is a little different than chemistry would suggest. The ore is made up of a set of chemicals. Basically three quarters of what we mine is rock that is of no value. We attempt to throw that away as quickly as we can.

There are three important minerals, which are chemical combinations: pyrrhotite, an iron mineral, that is basically iron sulphide, the problem child in Sudbury, and the two conventional copper and nickel ores that, unfortunately, we do not find all by themselves. These are chalcopyrite which is copper, iron and sulphur, and pentlandite which is nickel, iron and sulphur. Unfortunately, they are not broken up like that pie. They are all intermixed and we have spent most of our lives trying to separate the rock and the pyrrhotite away from the two things we would like to have, the copper and nickel concentrates.

This is the flowsheet that exists today. Starting from the left, we have a series of nine mines that feed into three mills, which feed into a Copper Cliff smelter, which feeds a copper refinery, which feeds a nickel refinery and which feeds the Port Colborne refinery. We produce the products you see on the right-hand side of the slide. The products of importance are nickel oxide; liquid sulphur dioxide; copper and precious metals; commercial grade sulphuric acid; nickel pellets, powders and oxides; utility nickel; cobalt, and platinum group metal concentrates.

This photograph was taken in 1965, but it could really represent the Copper Cliff smelter from the period of 1940 on to about 1971. You can see three stacks emitting SO<sub>2</sub> in not a very efficient fashion, and you can see a

series of fugitive emissions that escaped the process and were not released out the stacks but in fact were released at low level. This is essentially the nickel smelter, and this is the copper smelter with the copper stack here, the nickel stack here and a rather unimportant contributor, the Orford stack, no longer in operation.

Mrs Grier: What date is that?

Mr Ferguson: The slide was taken in 1965, but that picture could well have been taken anywhere from the Second World War to about 1971. The emissions in that particular year were between 6,000 and 7,000 tons a day, or expressed in the terms you are more used to, about 2,000 kilotonnes a year.

We will walk through the major steps Inco has taken over the years, largely since the Second World War, to reduce those very high levels of emissions.

The first was an oxygen flash furnace that really required the invention of three things: the furnace itself, the production of tonnage oxygen—before 1952, when this was commissioned, oxygen was produced by the pound. It was a 1,500— or 2,000—pound—a-day plant.

To fire a unit like this, we had to produce, through Air Liquide, a French company, tonnage oxygen at 350 tons a day. So we dried copper concentrates and fired them in with essentially pure oxygen, producing an off-gas coming off here at roughly 80 per cent sulphur dioxide concentration. Thus, we end up with a gas, instead of going out a flue 20 feet in diameter, going out of a flue about 30 inches in diameter. This gas is very treatable.

The third part of the process here was a cleaning plant that took the contaminants out of that gas, compressed the gas to a little over 80 pounds per square inch, and it went out as liquid sulphur dioxide, an important chemical to operations such as the pulp and paper industry. This was commissioned in 1952 and this represents arguably the most energy-efficient smelting unit in the world. It was certainly the first oxygen flash furnace in the world. You will hear more about that furnace a little later on.

The second major technical breakthrough after the Second World War was the advent of high magnetic field separators. These drums have induced magnets and by the feed coming in the middle, we are able to induce that portion of the pyrrhotite that behaves magnetically to separate from the mainstream.

Over the years, we have improved our ability to pull off iron sulphide from the smelter and relieve the smelter of a significant sulphur burden. Right now, that simple-looking process accounts for about 50 per cent of the sulphur removal at Copper Cliff.

Removing sulphur meant we had a nice concentrate iron sulphide, and this led to an important—for a long time, but no longer—secondary industry in Sudbury. This was the iron ore plant. The iron ore plant roasted the iron concentrate and produced commercial grade sulphuric acid, as much as 800,000 tons a year. largely, it went to the fertilizer markets. The small amount of nickel that was in the—the resulting calcine was removed and we would produce a nickel powder.

Over here, we pelletized it and produced iron pellets that were sold to companies such as Algoma Steel. However, companies can buy iron pellets from Australia and Brazil cheaper than we can produce them here and this plant is



no longer in operation. It is no longer a viable entity. But we still make acid.

This is a close-up of an acid plant complex at the plant. This will soon be redundant when we create a new acid plant right at Copper Cliff. This is located three miles away from the Copper Cliff smelter itself. The studies demonstrated it was not practical to take our gases from the smelter and continue to treat them here, so we will build a new acid plant, very much like this, but right on the site at the smelter in Copper Cliff.

The trucks here are one form of delivery. These truck deliveries are taking sulphuric acid to uranium mills at Elliot Lake.

Since 1965—you will recall the picture, the large amounts of  $\text{SO}_2$  being emitted. In those days, we were emitting a little over 2,000 kilotonnes per year, down to today where we are about 660 kilotonnes per year, about 35 per cent of where we were in 1965.

The bar chart indicates the annual emissions. The pink line indicates the control levels mandated by government. We have maintained our level below government. We project this to show where the Countdown Acid Rain program has called for us to be by 1994. We will be below 265 kilotonnes a year, which is remarkably different from the 2,000 kilotonnes a year in 1965.

We now see a smelter. This picture perhaps could have been taken anywhere after 1972 on. This was taken in 1984. Emissions in 1984 were about 665 kilotonnes. You can see that all the gases have been vented to a central stack and the three existing stacks are really redundant. This stack is used as a cooling tower. This stack has been shortened because it is a brick stack. This stack is just capped.

You will notice there is a significant change in fugitive emissions, although I should not try and mislead you into thinking that we have solved fugitive emissions problems. We still have low-level emissions problems as well as emissions problems.

That is the smelter today. This is the beast we are now trying to change and reduce the emissions another 70 per cent—oh, sorry: 70 per cent of all the sulphur in the ore, we contain, and 30 per cent of the sulphur is emitted. By 1994, this must be changed to 90 per cent contained and 10 per cent emitted

1030

The pie chart indicates where it goes. Over half of the sulphur is separated magnetically or by flotation methods and it goes to the tailings area. The other portions indicate about five per cent or six per cent is made into liquid  $\text{SO}_2$ . About 20 per cent is made into commercial grade acid and about two per cent goes out as fixed in slag. Thirty per cent, though, remains emitted into the atmosphere.

This is the base case we worked on. These are the numbers that dictate all the calculations. We wish to maintain an annual nickel production capability of 240 million pounds. This requires the mining annually of 12 million tonnes of ore from the mines. We face the problem of addressing 1.2 million tonnes of sulphur in that ore.

Mrs Grier: What dates do you apply to this?

Mr Ferguson: As far as I know, that is for ever. We would like to be able to run at this level certainly well beyond our retirement date.

Mr Aitken: Oh, yes. Traditionally, we have 20-year mine plans out in front of us that show this operating rate and we just keep updating it year-in, year-out. So this is way into the next century.

Mr Ferguson: And we have operated at this rate for at least the last 10 or 15 years.

Mr Aitken: We have come down to this rate. We used to be higher than this in the mid-1970s.

Mr Ferguson: Yes.

Mr Aitken: We have been at this rate comfortably for about 10 years.

Mr Ferguson: Examining the smelter, the smelter is a series of steps. Each unit process has been identified here and broken down by whether the gases are strong gases suitable for fixation or weak gases unsuitable for conversion into sulphuric acid.

If we look at the flash furnace, obviously that gas stream is suitable for fixation. Roaster gases, the gases that come off nickel concentrate roasting, are strong gases, but the nickel smelter, which is basically three steps--the existing nickel smelter--multihearth roasters, reverb furnaces and converters, are all low-strength gases, none of them suitable for fixation. We will be addressing this further. Obviously, these have to be replaced by another process that would produce a strong gas, move it into this column and be capturable.

Copper converters, MK flash convertering, virtually all the smelter as it stands now is really unsuitable for containment for delivery to a sulphuric acid plant. So we have to make substantial changes to the flowsheet. We have to change what is there. Rather than put a black box at the end of the existing dog, we are going to change the dog.

Here is the strategy adopted. This is the basis for our submission to the ministry in response to the Countdown Acid Rain program. This program will get us by 1993 down to 265 kilotonnes a year. There are basically five steps.

We have to maximize sulphur rejection. We want to remove as much sulphur as we can from the smelter to minimize the problem. We will address that.

Flash smelting of bulk copper-nickel concentrates: We have two smelters, a copper smelter and a nickel smelter today. We will no longer have two smelters. We will make one concentrate a copper-nickel concentrate and we will smelt that in that very efficient smelting unit I described, the oxygen flash furnace.

Copper-nickel separation matte processing: Now that the smelter makes a bulk concentrate, the next step past the smelter matte processing must also be changed. I would like to point out to you that when we change any part of the flowsheet, it changes everything. We are not just changing the smelter. When we begin to change the flowsheet, it affects everything, so there is an enormous amount of change taking place in the entire flowsheet, from beginning to end.



The MK flash smelting of matte separation copper concentrate: We will go to flash smelting of MK copper and will fix high-strength smelter gases in a large new acid plant. A double-contact acid plant is located right at the smelter. With a double-contact acid plant, you normally expect 98 per cent to 99 per cent containment rather than the more traditional 94-95 per cent containment with single-contact plants, which have largely been the norm over the years. This will be the most efficient acid plant money can buy. That is the basic strategy applied to make the changes.

Mills rationalization: The mills take the ore from the mine and create a concentrate or concentrates for the smelter. The mills will be changed. Instead of three mills, basically we will have one primary mill with a semiautogenous grinding mill. I will show you a picture of a very large unit and very large flotation cells. I will show you pictures in a moment.

The first stage of the Countdown Acid Rain program at Copper Cliff will see us significantly modify the way we mill. This will offer a reduction of about a 100 kilotonnes a year reduction. That is its contribution. This is a photograph of a SAG mill, a semiautogenous grinding unit. Here is a six-foot man. You can get a feeling for it. There are two 5,500 horsepower motors driving it. This is 32 feet in diameter, an extremely large grinding unit. Overall, this will significantly reduce the energy requirements. That is a point I want to get to at the end of this presentation.

Semiautogenous grinding: With traditional grinding units, if you think of a barrel that you roll around, you put very hard rods or balls in the barrel and the ore goes in is comminuted or ground by the rods or the balls. The ore is grinding itself; that is, largely the ore is simply falling on itself and comminuting itself. It is a semiautogenous grinding unit.

Totally autogenous grinding is usually done dry. This is done wet, so there is a very minimum amount of dust. Rather than being 13 or 14 feet in diameter, as are more traditional rod mills and ball mills, this is 32 feet in diameter. You get a large fall. The material will come up and it will fall from about nine o'clock. The comminution action takes place in here from about seven o'clock to about nine o'clock as the mill is rotating.

Here is a look at flotation cells. This is at our Clarabelle Mill, considered one of the most modern mills in North America. These flotation cells, the existing Denver cells have a 200-cubic-foot volume. This was considered a state-of-the-art mill. These small mills are being replaced by these giant flotation cells that are 1,350 cubic feet in volume. Each one is really the size of a small swimming pool. This was the first test cell. We convinced ourselves that they would, in fact, dramatically improve the separation that we expected in the mills. Now the mill is under construction and slowly we will be replacing much of the old Denver cells with these large flotation cells.

Mr Aitken: When constructed, this was a state-of-the-art mill. This was built in 1972 and that was the conventional wisdom up until a matter of seven or eight years ago. So this is a very recent development that you are looking at. This is technology which we just did not have previously.

Mr Ferguson: I recall in 1971 the big argument whether they should be 100 cubic feet or 200 cubic feet. They stuck their neck out and put 200-cubic-foot cells in. This is a giant leap forward with 1,300-cubic-foot cells. You can see the building. There is a much more efficient use being made of the volume in that building. The building will be just jammed with

equipment when we are finished.

The mill rationalization will cost \$69 million and will lower the sulphur input to the smelter by the equivalent of an emissions reduction of 100 kilotonnes a year. It reduces our energy, it reduces nickel losses and it achieves significant manpower and region cost savings. This is an attractive undertaking on its own. This has an attractive return on investment.

#### 1040

The smelter retrofit is much larger in scope and has a far larger dollar value, but these are the main elements included in the changed smelter.

I want to remind you, the smelter is running every day. We are doing all of this. This is the largest retrofit in Inco's history. We have never taken on this big a job in an existing operation in our lives, and when you are dealing with hot metal, this is a very complicated task. Our smelter is one of the largest smelters in the world and we are making enormous changes while it runs.

The changes will replace the existing roasters and reverb furnaces with two new Inco oxygen flash furnaces. They require a third oxygen plant. Right now we make about 1,300 tonnes a day of tonnage oxygen at essentially 100 per cent—actually, it is 94 per cent—oxygen and we will be adding approximately another 500 tonnes a day of capacity. We will have a new MK flash smelting unit and a very large, modern acid plant right in the smelter yard. We will have improvement in the containment of fugitive emissions as a result of these retrofit changes that we have already begun, and if our schedule is correct, it should be completed by the first of 1993.

The smelter today looks like this. Just so you can appreciate this better, we have a nickel smelter and a copper smelter side by side. There were roasters, two reverbs and a series of Peirce-Smith converters. They sent copper-nickel matte to the matte separation that can separate the nickel from the copper. In the copper smelter, which got its copper concentrate from those three mills, we had the flash furnace and it produced blister copper for a copper refinery and produced liquid sulphur dioxide.

This still exists but will soon change to this and we will have a single mill producing a bulk concentrate. Instead of producing a nickel concentrate and a copper concentrate, it will produce a copper-nickel concentrate.

It will come to two flash furnaces. The two flash furnaces will produce a single matte containing all of the copper and all of the nickel. This means we have to greatly enlarge matte processing because it has to get all the nickel plus all the copper. Before it only got the copper that was in a nickel concentrate, so the matte processing has to change.

Then we will have an MK smelting unit. The copper that comes back is called MK. We will have a new MK smelting unit and converters. The gases from the flash units will report to a new sulphuric acid plant.

I showed you this side of the slide a few moments ago, showing you that we had several gas streams suitable for containment and the bulk was unsuitable. In 1994, things will have changed, and we have produced this bulk concentrate flash furnaces. That is fixable and will go to an acid plant and this will go to an acid plant.



After the nearly \$500 million is spent, we will have Bessemer matte converters emitting low-strength and variable-strength gases to the stack, we will have some emissions from the copper converters, we will have some emissions from matte processing roasters and we will have some minor emissions from the Copper Cliff nickel refinery, so this is what is left over.

If the question comes up, "What is next?" it is quite obvious that there are two remaining potential sources of gases to address: matte processing gases and converter gases. They are the major remaining uncaptured gases. They, right now, are gases that are untreatable; that is, they are unsuitable for directing to an acid plant. But all the rest of the gases will be captured and when this is done we will have captured 90 per cent of all the sulphur in the ores in Sudbury.

Mr Aitken: Before you go on I would just like to comment on that bottom right-hand figure which is 225, not the 265 that you might be more familiar with. There is a question of efficiency of capture. You create gases that are strong and are weak and you capture as much as you can. You do not get everything and that is why there is a difference between 225 and 265.

Mrs Grier: Excluding fugitive emissions?

Mr Aitken: That is right.

Mr Ferguson: If everything worked perfectly every minute of the year, that is the theoretical number. But things never work every moment of the year.

By 1994 this will be the new sulphur distribution. We will have captured 90 per cent and we will have left uncaptured 10 per cent of the sulphur that is found in the ores that we treat. We will have reduced emissions by 1994 to this level. These little red bars on the chart indicate the potential for interim reduction; that is, there may be a reduction that will take place before 1994.

As we will get into in a moment, we have to do things in series. Because the smelter exists we will tear out certain equipment and put in one flash furnace, and when that one flash furnace is on stream and the acid plant is on stream then we will dismantle other equipment and put in a second flash furnace. So there is the opportunity for an interim reduction before all the money is spent and all the changes have taken place.

This is a summary of the cost estimate that we have arrived at: roughly \$500 million that is spread as follows. The bulk of the money clearly is in the changes needed in the smelter, with \$425 million of the sum directed in the smelter; about \$70 million will alter the mills.

I would like to point out some of the benefits we see arising out of these changes. Productivity will be changed and quite significantly. In 1980 our records indicate that 1,440 pounds of copper-nickel were created per man-shift. This will change to over 3,000 by 1994.

I think something that is more important, though, from my narrow environmental point of view—Roy would disagree with me because Roy is interested in all aspects of our company—is that this is a very significant figure. I am surprised that people never asked questions about the energy consumption or the energy requirements of pollution control. I use the year 1980 because 1980 is the base year we seem to be measuring everything from. In

1980 there were 15,500 BTUs required to produce a pound of copper-nickel. That is within the smelting operation. Today, our plan shows that we will require 10,000 BTUs per pound of copper-nickel. We have made significant changes in our smelter since 1980. To leap from here to 1994, we will have more than cut in half the energy requirements. Our smelter will no longer use fossil fuel. I suggest that the day the government comes along and tells us to reduce the  $\text{NO}_x$ , the volatile organic compounds and the  $\text{CO}_2$ , we will have to tell it that we have already done it.

1050

Mr Aitken: I do not know why Charlie thinks I would not agree with that. I think that is one of the most significant slides that we have seen, because this is not  $\text{SO}_2$  that we are talking about; this is  $\text{CO}_2$ . This is greenhouse gas, and that is a tremendous change.

Mr Ferguson: Inescapably, mining, milling, smelting and refining are large consumers of energy. When we are finished, we will have reduced our energy requirement. We will be a more efficient company, and those benefits will extend for ever. I think that is a very important point in this program.

Mrs Grier: Could you put some dollars attached to that? What is it saving you?

Mr Ferguson: I suppose I could give you the equivalent price of a BTU, but I do not know it right now. I could certainly do that, but it would not be very hard to calculate the value.

Mr Aitken: I do not think we have a breakout in energy costs, but that is certainly obtainable. I just do not have it here. Clearly, there is a great advantage to becoming more energy efficient, and that is what the oxygen flash smelter is about. It is the most thermally efficient furnace in the whole of the nonferrous metal smelting industry.

Mr Ferguson: In fact, I guess we could argue that we will have, when we are all finished, the most energy-conservative smelter in the world.

This is an extremely tight schedule, by the way. Things have to be done within the confines of an operating smelter. Things have to be done in serial fashion. The first flash furnace must be put together before we can move on to the second flash furnace. We cannot rip everything out and do everything concurrently. Things have to be done in serial fashion, yet there are a lot of concurrent activities going on, all culminating at the end of 1993.

This is not 1994. Remember, everything has to be done and proven and operable by 1 January 1994. Really, everything has to be comfortably done in 1993, because from 1 January on, we will be under a new control, we will have an annual emission limit. The clock starts ticking a minute after midnight in 1993. We really have a very short schedule for that much work. The Clarabelle Mill is an operating unit; the smelter is an operating unit. All these changes have to take place while we still run one of the largest operations in the world.

There is a slide that we have perhaps added to the discussion. One of the issues addressed in the regulation spoke to opportunities to achieve lower emissions earlier. I think I have addressed that here. Another issue requested us to address the potential of reducing emissions below 265, and the number 175 was selected. There are two potential groups to go. A couple of charts



back you saw that fluid bed roaster gases, if they were captured, could contribute to achieving a 175 limit. Capturing a portion of the converter gases would also have the potential to get to 175.

The data shown here simply indicate in crude numbers the capital cost estimates, the annual operating cost, and the kind of numbers we would have normally if that took place. Those are really the only two options that are available to go beyond 265. As we have made clear in our submission, those two gas streams are being addressed by ongoing research.

The Peirce-Smith converter is the brain of the smelter. From the environmentalist point of view, this is a batch operation. Converters open and shut. Converters contribute significantly into fugitive emissions. Converters are probably the most difficult smelting units to contain and many kinds of hooding have been developed. It is sort of like all the work we have done with the internal combustion engine. Perhaps what needs to be done is to abandon the converter and find another way of converting.

But this is where we have gone to date with reducing the sulphur dioxide emitted from converters. I remind you that in that first photograph you saw of the 1965 smelter you saw a lot of gas coming off at low levels, and much of that you could assign to the Peirce-Smith converters. By 1994 we will have altered significantly the amount of SO<sub>2</sub> removed in converting operations; I think you could prorate this and indicate that there is going to be significant change in fugitive emissions.

If this is the prime contributor and we have significantly reduced the amount of gas produced in converters, logic suggests there should be significant improvements to be expected from the program we are embarking on now. I cannot forecast the changed circumstances, but this implies improvements.

This is the last slide. This is a photograph taken at our Port Colborne refinery. This is a flash converter reactor at our research station at Port Colborne. This is a research program under way now, partially funded by the federal industrial regional development program. But the bulk of the funding is from Inco. The IRDP program would contribute up to 25 per cent of the research program. This is actively under way.

Hopefully, we can develop an oxygen flash converter unit that might replace the traditional Peirce-Smith converter. That offers a number of significant advantages, principally that it would produce a capturable gas and should essentially eliminate fugitive emissions. I should not say any more, because that is at research and you should never predict success in research. But we are spending a lot of money, because we believe that is a very attractive target.

I guess that is the end of that presentation.

The Chairman: Do you have any further comments, Roy or Larry?

Mr Aitken: No, I think that is an update of where we are at, so it would be a little premature to get into what we have been doing since we tabled this report. At the end of this month we will submit our first progress report on engineering and construction; that is going ahead full bore. You saw the total capital cost of this project estimated at \$494 million. Right at this time we have something like \$200 million committed, not spent, but orders have been placed, contracts are in place, and that is a tremendous rate of improvement. So this thing is really going ahead very fast.

Perhaps the best thing we can do now is just try to respond to any questions you have in your minds.

1100

Mr Charlton: There are two areas I am not sure you have any information on at this stage, but perhaps you do; I do not know, so I will ask the questions anyway just to see. I would think I will be asking the questions later again of others.

First, there is a sense among many of us, depending on what happens in the United States in terms of Congress proceeding with the announced program, and the success at getting the reductions in the right places in terms of impact on Canada, that we may have to go after further reductions after the 1994 targets that are set now. To what extent do you see problems in that for Inco?

Mr Aitken: We have it very clearly in our minds that 1994 is not the end of the road. That is a step on the road to further reductions. What Charlie pointed out in his presentations was that there are still two areas within the Copper Cliff smelting complex which are significant enough, sizeable enough that we have to give consideration to them.

We are focusing on what he just finished talking about: developing a method for replacing the Peirce-Smith converter, which is not only a source of substantial quantities of weak gas but is also the source of much of our fugitive emission problem.

The thrust we are taking is to extend the flash smelting technique we have developed for furnacing to converting. If we are successful in doing that, then we can see yet another major step down. We have that in the research program now. We have a \$12-million research program launched at Port Colborne. The federal government is indeed funding assistance. That will amount to 25 per cent, probably. This is the first move towards the next step.

I guess people have asked, "Why don't you get on with it now?" You can only move at the rate at which technology is available to you. We believe we have gone through a very extensive technology development phase to get us to the changes in the smelter which will get us to 265. Having done that, we have an enormous project on our plate right now which we are working at. The next thing up, though, we see, and we have our research people working at it, is this question of substituting a new process for converting. That will take us to the next step.

Mr Charlton: So you will be able to go beyond the 1994 targets, albeit probably at a much higher cost per—

Mr Aitken: It is premature, I think, to speculate on the cost until the research people get further into this, but sure there is opportunity there. I am very confident. Technology is developing at a rate now that is much faster than anything we saw 20 years ago. Twenty years ago, no one at Inco would have contemplated the idea of 265 kilotonnes. It was just out of sight, impossible, and here we are.

Mr Charlton: One of the problems Hydro identified for us—I do not know if it is a problem for you or not, so I will ask the question. Hydro has basically had to target a substantial margin below the limit that has been set for it for 1994, in order to have a margin of safety for outages it cannot



predict, and therefore having to use to a greater extent its coal facilities, for example. They want to be in a position to have enough of a buffer margin to, in the event of unseen circumstances, be able to still maintain their upper annual limit.

To what extent are things like that a problem in the process and technical changes you are making? What kind of a margin are you having to allow to deal with that?

Mr Aitken: One of Charlie's slides addressed that issue. Do you remember the one that had, down at the bottom right-hand corner, 225? That is the theoretical level at which our design would achieve, in meeting—

Mr Charlton: That is about a 40-tonne margin, then.

Mr Aitken: Yes, out of 265. You are looking at a 15 to 20 per cent margin in there to allow for normal operating efficiencies, shutdowns, hiccups, all the things that go on. We do not have quite the same ability to flex which Hydro has, because it has so many different generating plants. They can take a whole plant down and substitute another one. There is no smelting operation in the world that can afford to have a spare unit sitting there doing nothing. We get these two furnaces on and we are going to run them flat out.

Mr Charlton: On the other hand, though, you are building in the safety margin, because there is the potential, under certain circumstances, for your plant in terms of emissions to be running at less than optimum.

Mr Aitken: That is exactly right.

Mr Ferguson: And you must also remember that we operate a campaign of 11 months now, and it is 30 days off, and all these extraordinary repairs are done—

Mr Aitken: In that period, hopefully.

Mr Ferguson: ---and we are able to renew ourselves every year. In virtually everything we are doing, we have spent a lot of money and a lot of time proving out. We have tried to eliminate the uncertainty as much as we could. Something like \$150 million has been spent in the search for this solution. We have tried to eliminate as many question marks as we could.

Mrs Grier: Can we talk a bit about the ground level concentrations and what the implications of that are? The changes in the superstack may increase ground level concentrations, is that correct?

Mr Aitken: What is happening is that as you capture more and more of these gases in high-strength form, of the gas going up the stack you take out volume, which means you reduce velocity, and you take out heat. That has an impact on the plume rise you get. So it is conceivable, if you did nothing else, to immediately run into serious GLC problems with the gas just falling out of the stack. You see lots of stacks which for one reason or another are oversized or whatever, and you do not get plume rise and it falls out.

We are working on this problem. It is one of the things that Acres Davy McKee Ltd is studying, how we can best utilize our stack facilities. What we anticipate we are probably going to end up doing is adding forced-draft fans to the stack. At the moment the stack is designed in such a way that just the

height of the stack gives you an induced draft created by the exits, the velocity of the gases, the temperature differentials and the like.

If you lose that, you can compensate by sticking a fan at the bottom of the stack which boosts it. Having lost this heat energy which gave you a plume rise, you put in this mechanical energy at the bottom to shoot it out the top. All of this is in the design stage right now. That would probably also require some sort of cone cap on the top to assist the plume rise.

There is a fairly complicated piece of modelling to be done before we know precisely what is required there, but it is one of the things we are working on.

Mrs Grier: We had some discussions last week with the ministry around the whole issue of deposition targets and the 20 kilograms per hectare per year, which is the 1994 target. From your own studies, and we all know about what has happened in the Sudbury basin since the superstack, what kind of deposition levels are there now? Is that a reasonable question? You do not know where your emissions hit. How will the potential for more ground level concentration affect that?

Mr Ferguson: I would say that the experts in Canada are employed by the Department of the Environment and the Ontario Ministry of the Environment.

Mrs Grier: But when you tell us how much the Sudbury basin has improved, and we all acknowledge how much it has changed, do you not have any indication as to what level of deposition was required in order for that regeneration to start, and what level of deposition you are now getting as opposed to before the superstack went in?

1110

Mr Ferguson: It is a tricky question, because deposition, the numbers you are familiar with, is wet sulphate deposition, which is something that is measurable, capturable, but total deposition is the combination of dry and wet deposition. Dry is calculated, essentially. Wet is captured and measured, and we really only measure one ingredient. We have  $\text{SO}_2$  as the gas; we have sulphate dry, sulphate wet; we have  $\text{NO}_x$  as a gas and  $\text{NO}_x$  as an acid or a salt. It is very complex atmospheric chemistry and I do not think you should look at us as experts at atmospheric chemistry. It is a very complex issue.

There are very few good telltales out there. With sulphate deposition, my understanding is that it is simply a telltale, a surrogate, of the more complex chemical reactions that take place in the atmosphere.

Mrs Grier: We know your figure is the \$494 million expenditure on this; that is a gross figure, I take it. In the ministry's comments on your report, there is certainly an indication of some significant savings, and you mentioned yourself the energy savings plus the reduced employment at the end of all of this. Is there a net figure? Have you worked out what the net cost is going to be as opposed to the \$494 million capital?

Mr Aitken: Well, the \$494 million is the actual dollars we are going to spend, so in that sense it is a gross number. But you cannot net off ongoing savings in efficiency against that. What you can do is calculate the return on investment; that is the standard way of handling this thing. We have two ways to go at this; we have two pieces of the action. One is the \$69



million which is being spent on the mills rationalization, where we are seeing a 22.5 per cent discounted cash flow rate of return on the investment. It is very, very healthy. Quite honestly, that is the sort of investment a company like Inco would make with or without SO<sub>2</sub>. It is just good business.

When you turn to the smelter, where we are spending \$424 million, you then get 5.9 per cent discounted cash flow return on investment. You can go downstairs in our office to the bank and get a Canada savings bond that will give you 10.5 per cent or 11 per cent, so 5.9 is not a good investment. It would not take place without the need to improve the environmental situation.

That does not really answer the question you asked, but I do not think the question you asked is really answerable, because you cannot net off long-term savings. There will be labour efficiencies. I sometimes get involved in this argument: Is it a question of environment versus employment? I do not buy that. There will be employment changes, but they come about because of the efficiency of the new processes. You can bet that any time anyone puts a new process in place, it is going to be the latest and most efficient, and in our relatively high-cost-labour society, that means it is probably going to be the lowest labour costs you can find. Really, it is the efficiency of new technology which has the impact on the jobs; it is not the environment.

Mrs Grier: I do not pretend to understand poison pills and all of that, financing, but I really admired Mr Ferguson's simplification of the smelting process. I was able to understand that. Maybe one of you can do the same for me on the financial side and explain the relationship between the poison pill episode and this, and reassure me that if the profit picture changes, it will not affect what you have undertaken to complete.

Mr Aitken: I am an engineer, not a financier. I, too, wrestled with the poison pill, but I think I understand what it is about. But let me say this: It has nothing whatever to do with this.

When this came to the board of directors of Inco, and although I am not a director I was at the board meeting where all this came up, we took it through the whole project and we showed it what it was going to cost.

You know, directors these days are perhaps surprisingly aware of their environmental responsibilities. They are also aware of their responsibilities to the shareholders. They said: "Okay, can we afford this? How are we going to do it?" That was particularly significant, because Inco was coming off the best year in its history, a record year, more than twice as good as anything we had ever had before. We were also coming off a situation where we were going to pay out a very substantial dividend to our stockholders. So they said, "How can you afford to do all these things?"

They had prepared for them a whole series of projections based on different market scenarios. The boom scenario we saw last year was terrific. I do not know whether you have noticed, but nickel, which hit \$10 a pound at one stage last year, is about \$5.10 today; quite different. That is still a good price, incidentally, but it is half of what it was a year ago.

So they said, "What happens if we go back to where we were in 1984?" when nickel dropped to \$1.44 a pound. We all hope that is not going to happen, but they had us produce a whole series of scenarios that said, "Here's what the cost impact will be; here's what it does to the company," and only after they had seen that and satisfied themselves that we can handle this thing did they sign off on it.

To put it into a little bit of perspective, typically Inco spends close to \$200 million a year on capital developments here and around the world. We are talking about spending \$500 million, a huge sum of money, but it is spread over five years, so it is not all that wildly out of proportion.

Mrs Grier: I had not heard Inco say that before. It is nice to hear.

With respect to the ministry's comments on your report, I would be interested in some comments from you on their comments, but particularly on their first point that there is no technical contingency plan.

Mr Aitken: That is the great one.

Mr Ferguson: We all want to answer that.

Mr Aitken: Yes, everyone wants to answer that question. I have to tell you that when we read that, that brought on all sorts of strange emotions at Inco. It ranged from total disbelief to outright hilarity.

The fact of the matter is that the Sudbury smelter is the heart and soul of Inco. It has to work or we are all dead in the water, and this province has an enormous problem, never mind us.

Over the years, we have spent millions and millions of dollars in developing and testing and proving up programs. Now we are going to spend \$500 million to put this in place. You do not enter into this sort of project on the basis that it is not going to work. It is going to work. And if it does not work 100 per cent on day one—which it will not; nothing does; it is not like plugging a television set into the wall—we make it work.

You do not have a contingency plan that says, "Well, if that doesn't work, we'll build this or we'll switch over to that." You make this thing work. That is the only answer, and there is a whole host of people whose careers, reputations and future are hanging on this thing. Contingency plans: no.

Mrs Grier: In other words, once you start, there is no turning back.

Mr Aitken: You bet. Once you rip down the reverb furnace and start building that flash furnace, you had better make it work.

Mrs Grier: Can the time lines change?

Mr Aitken: Let me just think about that for a moment.

Mrs Grier: I am fearful of them elongating rather than contracting. Could you come back to us and say: "Things have happened. We can't do it as fast as we planned"?

Mr Aitken: I suppose that is conceivable, but I think what might help put your mind at rest on that is that there is one thing about business decisions when they make them: Once they start spending money, they want to spend it as fast as they can and get into operation as fast as they can so they start getting something back as fast as they can. That is the thing that drives it. Again, once you start down this road, you had better keep going.

Mrs Grier: It is all an integrated package. There are not some elements of it that could perhaps be deferred, changed or postponed?



Mr Aitken: I think there is only one thing. Set aside the mills, because the mills are such a good project; that is going. The first furnace, the oxygen plant expansion and the new acid plant have to be there as a package. In theory, the second furnace could be looked upon as a separate item. Again, this is where we will be driven by the efficiencies.

Once you have gone that far down the road and you have built the oxygen plant with capacity to supply the second furnace and you have built the acid plant with capacity to take us off gas, you want to take advantage of those things. If you were to stop halfway down the road and then do a DCF calculation on the second furnace alone—

Mrs Grier: What is DCF?

Mr Aitken: Discounting cash flow. If you did a calculation on that second furnace on its own, it would look a lot better than 5.9 per cent. In other words, the pressure builds up to get that piece in place too.

Mrs Grier: Mr Chairman, do you have a long list? Do you want me to stop?

The Chairman: I have more questioners.

Mrs Grier: Okay, let me try one more.

The Chairman: These are good questions, so I do not want you to stop.

Mrs Grier: We had some discussion with you around the market for the acid the last time the committee considered Countdown Acid Rain. Could you perhaps bring us up to date on that? I do not think you were as confident then as you now appear to be that you could dispose of the quantities that would be produced.

Mr Aitken: I think that is probably true. We were not perhaps as certain of the amounts we were talking about, but acid production over the past couple of years has been running somewhere around about 450,000 tonnes a year, and we are looking at an increment over this period of about another 110,000 or something like that. We think this is doable.

All sorts of things happened on the way past that made me a little nervous. For example, C-I-L Inc., which markets all of our acid, was taken over 100 per cent by Imperial Chemical Industries PLC, its parent company. ICI has decided to dispose of the sulphur products business. So there is a new company coming into being to run this; it will still be backed by ICI. But you wonder how all this is going to work out? I think it will probably be all right, because the market has not changed. The individual sitting behind a certain desk may have changed, but the market out there is still the same.

Mrs Grier: But is that not a market that is affected by environmental concerns from another point of view? You are talking about chemical fertilizers and uses for your byproduct, and some of us are saying we are not too happy with all of this chemical use in agriculture. Where do we reconcile that and what changes do you see happening? Is there another use for your product if the fertilizer use diminishes?

Mr Aitken: Sulphuric acid is probably the most commonly used reagent in the whole of the chemical industry worldwide. It so happens that the fertilizer business provides a very convenient and bulk outlet for acid. If

everyone were to get their lawns or farms off drugs, or whatever the slogan is, that would cause a problem; you would have to then develop the additional uses. I do not think that is going to happen. There may be some changes, but I really think people are talking more about pesticides than they are about things like phosphate fertilizers.

Mr Sola: Mrs Grier has asked most of the questions I was going to ask. She may as well continue. I think we are on the same mind bend.

I would just like to touch on a couple of things. Being a Sudbury native, I can attest to the fact of the improvements in the Sudbury area since I left. You mentioned you are spending \$12 million in research on this new flash converter. Is that as a result of the interest in environmental concerns or is that as a result of the interest in improving the efficiency of the converters?

Mr Aitken: I give a lot of credit to the developing environmental awareness. There is no doubt about it, the environment is the top polling subject these days. It is number one on the list. That is not only out there in the general public, it is developing throughout business and industry. There is a real understanding that those of us who produce pollutant effluents have to do the best job we can to clean them up. There is an opportunity there, and we are going to go for it. We think in the process, once again, we will get additional efficiencies.

I think it was Colin Isaacs who said something about that if you look upon pollutants as industrial waste, not recovering the full value of the materials, then there is some sort of economic driving force. I do not think it is quite as simple as that, but certainly if you get the opportunity to improve your technology in a way that will introduce efficiencies, we are all going to go for it. That is what you are seeing as we begin to look beyond 1994. We have spent a lot of money on developing technology up to this point. What spinoffs can we get out of it? How much further can we take this thing?

Mr Sola: How would you rate the priorities? Was it public awareness, government legislation or the aid in government financing? Which would be the first reason for it?

Mr Aitken: Take it in reverse order. Government financing I would put at the bottom of the list, because it has not really been of significance at all. Maybe we can talk a little about that later.

There is no doubt that regulation has been important. We may have more than we need right now. We certainly do not need any more. If all the regulations that are in place were applied, you could do whatever you needed. They have certainly been important in getting people aware of the fact that they had better get into compliance.

Public awareness is not something that is restricted just to the general public out there. We are people, too. We have kids at home who are delivering the same sort of messages everyone else gets. We understand the technology of what we are doing better than other people, so we know what we are doing and what we can perhaps do about it.

They are all important factors, but I would certainly say regulation has been very important. Public awareness is equally important. Perhaps more than government financing, I think market pressures are the things we need to look at. How can you enlist the sort of power of market forces to push people in



the direction of cleaning up? Those are very powerful pressures when you can see them, and that is where all these kind of cash flow calculations come into being.

Mr Sola: In other words, for a company of your size government financing is just icing on the cake; it is not a necessary ingredient in the whole formula.

1130

Mr Aitken: Government financing essentially means taxpayer financing. Our company took a position a number of years back where we said, "If we can do this, we would rather keep our hands out of the taxpayers' pockets." I think that is a proper position for industry to take. At the same time, I think it is legitimate that some measure of contribution come from every citizen.

What we have to realize is that we are all polluters, not just big business and industry. Everyone sitting around this table is a polluter. I do not know how you got to work today, but in the process you created some pollution. When it was cold last winter and you turned the thermostat up, you created some pollution. We all do these sorts of things. When you sit down with a knife and fork in your hands, that is nickel stainless steel, probably. So you are contributing to pollution too, and somewhere along the line, we all have to do something about that.

Having said that, it is easy for Hydro, for example, to do this without resorting to the tax situation, because it will build its scrubbers and so on, the cost of electricity will go up a little and every citizen will pay a little more. In that sense, they have all contributed to the cleanup.

In our type of business, you cannot do that. We are in an international business. We sell a commodity at world prices, and if we try to put our price up, then the French or the Indonesians or the Australians or the Filipinos would just take the business. You cannot make that one work here. We do not have a domestic monopoly—that is the nature of a world industry—so you have to stay competitive.

That brings us back to how you get some sort of contribution if everyone has to get in there. Inevitably, you end up in the tax system. Should you do it through grants, handouts or whatever? I think perhaps not. We believe that perhaps the best thing the government can do is encourage research and development; put money into that.

We are told as Canadians all the time that we do not spend enough on research and development. Why not find some incentives for R and D that are particularly related to environmental effects? Double the rate of assistance for environmental effects or get the provincial people adding on to the federal campaign. Look at accelerated capital cost allowances; make it more attractive; increase those for environmental activities; focus the effect.

I think probably the general public out there would go along with that type of thing. They keep saying, in response to the polls that they are willing to pay something towards it. I say perhaps they should, because they are part of the problem.

Mr Sola: I would just like to close on this note. In that 1965 picture you showed us, I was probably there, because I was working in the

sinter plant at that time as a student. Is the flash furnace you have developed going to eliminate sinter plants as such?

Mr Ferguson: The sinter plant shut down in 1960.

Mr Sola: But there was another one. You called it the same thing, but it was right next door to that.

Mr Ferguson: The fluid bed roaster. The matte processing fluid bed roasters operate today, and they are one of the last to candidate gas streams for research.

Mr Sola: So they are still suffering through that, the ones who work in that?

Mr Ferguson: I am not sure I understand the word "suffering."

Mr Banbury: I guess you are talking about working environment.

Mr Sola: Yes.

Mr Banbury: The fluid bed roasters replaced the sinter plant and are a far cleaner operation. The problems that existed in the sinter plant do not exist today in the FBR plant.

Mr Sola: In 1965, there was still quite a bit. I remember breathing the stuff and cleaning it.

Mr Ferguson: We have spent a lot of money in the matte separation-FBR area since 1965, during the early 1970s. There have been a lot of improvements made in that part of the processing operation.

Mr Sola: I would just like to say that the improvements in the Sudbury area have shown that when you put your mind to it, you are more than a good corporate citizen, because that area has been rejuvenated. It is a pleasure going back there every once in a while to visit my family.

The Chairman: Mr Faubert, do you still have a supplementary? You caught my eye quite a while ago.

The Chairman: Mr Faubert, do you still have a supplementary? You caught my eye quite a while ago.

Mr Faubert: Yes, because Mr Ferguson touched on it, but he did not give us any real figures. It is really a supplementary to Mrs Grier's question when she raised the point of what the net dollar input into the abatement program is. Mr Ferguson, I have had the opportunity of hearing you speak before, and I have always wanted to ask you the question.

Mr Aitken: I am Roy Aitken. That is Charlie.

Mr Faubert: Oh, okay. You also touched on this when you talked about competition against world producers who also have federal support for their export market, especially France. There has to be a tax write-off somewhere for your abatement program. Is there not? Federally and provincially?

Mr Aitken: There are accelerated capital cost allowances, but what I was speculating on when I was getting into how we could get the citizen to do something towards this—



Mr Faubert: That is the citizen.

Mr Aitken: Sure it is. But that applies to everything. If the environment is top of the list on the public's concerns, and I think it is, then why not focus assistance on environmental matters, identify what an environmental improvement expenditure is and increase the accelerated capital cost allowance?

Mr Faubert: But do you have any dollar figures? Because \$494 million is a very impressive gross figure, but surely it is written down somewhere by your capital cost allowances and whatever other tax allowances you have against that. You say that is gross dollars paid out. Is there a net figure to this?

Mr Aitken: We are not paying out less than \$494 million. It may be that you get some tax breaks come back later.

Mr Faubert: I see how ministries put out their announcements. Everything is inflated to its maximum, without a net.

Mr Aitken: I do not think there is any real inflation in this. When we work out this kind of cash flow rate of return, it takes into account the tax implications, because this kind of cash flow takes it over a 10- or 20-year period.

Mr Faubert: Okay.

The Chairman: Two final observations; first Mrs Marland and then Mrs Grier.

Mrs Marland: Is there no hard copy this morning as part of your presentation?

Mr Aitken: No, we did not have any, and you missed it, unfortunately.

Mrs Marland: That is right.

The Chairman: My understanding is that the material presented on the screen was in the report by and large, so it was basically an update for the committee on the report that was given to the ministry. Is that correct?

Mr Ferguson: We certainly could make available a hard copy of the slides.

The Chairman: It would be helpful. I was going to request that, because we usually put an appendix to whatever type of report we formulate.

Mrs Marland: My question is a supplementary about who pays for research and development in terms of environmental protection. Am I correct that Inco has not accepted or used any money available to it from the federal fund for those purposes?

Mr Aitken: For research and development, we do the same as every other company: We make application under the industrial regional development program for funding assistance on research and development.

Mrs Marland: What is the federal fund you have declined, then?

Mr Aitken: Back in 1984, when the federal and provincial governments agreed that we should go for a 50 per cent reduction in SO<sub>2</sub> emissions east of the Manitoba-Saskatchewan border, the federal government announced that \$150 million would be made available for companies that had to incur costs to clean up smelters and the provincial governments were to match that amount. So in theory, there was a \$300-million fund available to support these cleanups.

1140

I think the only company that has had money so far is Noranda, which built or is building an acid plant at Rouyn at the Horne smelter in Quebec. They got funds from the government and the Quebec government to help them do this. There was a timing factor in this, in that that happened back in 1986 and Noranda had all sorts of problems on its hands.

We looked at this last year, when we were coming off Inco's record year ever, where we made almost \$1 billion Canadian profit—nine hundred and something; I cannot remember the exact number, but it was big—and where we had just made a decision that we would pay out a very substantial dividend to our shareholders. That one added up to more than \$1 billion Canadian.

Fairly logically, we said you cannot make \$1 billion on one hand and hand \$1 billion out on the other hand and then go to the government and say: "We're broke. Give us some money," so we did not. But philosophically, we would rather not come to you for that sort of money anyway, because if we ask you for that sort of money, it is one step away from you telling us how to spend that sort of money, and we do not want any part of that.

Mrs Marland: On my several visits to Inco in the last three or four years, all of which I found very educational—I may use this opportunity to say that I think Inco really does work very hard in its public relations area to inform the public, and particularly our select committee on the environment when we were there. My impression is that you do have open doors, and that is your policy in dealing with questions from the public.

I did not know your profits were so great. Obviously, I am not a shareholder or I would have known.

Mr Ferguson: Not every year.

Mrs Marland: No, I know the down years. Do you really feel you have been able to spend as much money as you needed to protect the environment and still give that kind of profit figure?

Mr Aitken: I may have talked about this before you came back in. Before our board of directors approved this project, it had us prepare a whole series of scenarios at different nickel prices and different sales levels which would generate different profit levels, from the sort of boom conditions of last year to the depressed conditions of the early 1980s. Only when they saw those calculations and said, "Okay, we believe that even in the down cycle the company can handle this," did they sign off on the thing.

What you have to recognize is that this is a very cyclical industry. Over the past 10 years, we have gone through periods where we have lost as much as US\$400 million. This time around—I can give you the exact number in US currency, because our accounts are published in US dollars—our net earnings were US\$735 million.



Mrs Marland: The point of my question is that I recognize the down years you have had and I recognize, from what you have said, what a great year you have just had. I listened very carefully to your comments of how we all have to work and how we all contribute to pollution. We all recognize that; we just do not have time to use our bicycles.

The fact of the matter is that you are in a polluting industry. It is obviously something you do not have a choice about, to a degree. Do you feel you can face the people of Ontario and the eastern provinces and the northeastern United States and feel you have spent enough money dealing with the pollution problems your company contributes to, along with the other major polluters, obviously? You are saying there is not enough spent on research and development. Do you not think you would like to have taken back some of that money and invested it in R and D?

Mr Aitken: First, let me say this. I will be happy to stand up in front of anyone in this province or anyone downstream and say: "Yes, we're doing our bit and we're doing it to the utmost of our ability right now. We're undertaking a massive program and we're paying for it." There is a recognition there that we know we are a contributor and we are doing our piece to sort it out. We are not reducing by 50 per cent, which was the Canadian target; we are coming down by more than 60 per cent. So I have no hesitation in saying, "Yes, we're doing our bit."

As far as R and D goes, I think there are real opportunities to do something about what is a Canadian problem. The statistics you read all say Canada spends less on R and D than the Japanese or the Germans or whoever. Everyone seems to spend more on R and D than we do. Let's perhaps target R and D at environmental matters. Why not use some government incentives in that area to encourage R and D? There are federal government incentives in place. Why would the provincial government not contribute to this? If you want to put some money into it, I would say that is a more effective downstream contribution to the economy as a whole, as well as just the immediate environmental cleanup, than, say, throwing grants at it.

Mr Ferguson: I would also point out that over this decade we have spent in excess of \$100 million in R and D in the search for a solution we now have arrived at. It was during that period of time when we perhaps had the most difficult financial period in our 102-year history. During some of the years in the early 1980s, when we were losing hundreds of millions of dollars, the major capital expenditures were on environment; we did carry out major environmental research programs during the worst financial years in our life. So we have spent an enormous amount of money in this decade already just getting to know how to proceed. I dare say the kind of moneys we have spent on research vastly exceeds the kind of moneys many companies are spending on solution.

Mrs Grier: Can I pick up on just that point? Going beyond 1994 and Countdown Acid Rain, when do you have to know what has to happen in terms of the next program for you to be able to begin the preparation and the R and D and the development that will take you to the next level?

Mr Aitken: We are embarked upon the program right now. I think you have to recognize that there is a limit to how fast you can move, and it is to some extent dependent not so much on the money that is available but on the number of guys with PhDs and master's degrees and the number of laboratory facilities you have available to you that you can turn on to this thing.

We have a tremendous human resource focus right now on achieving the Countdown Acid Rain targets. To the extent we are able, we are into research as well. As we get further through Countdown Acid Rain, this will become more of a factor.

My hope would be that we are at the point where we can perhaps look at the next program in advance of being faced with some new regulations. Regulations get you minimum standards, and what you have to try to do is think of ways in which you can motivate people to get beyond those minimum standards. That is what we are really thinking about when we are looking at extending this flash-smelting technology to flash converting. It will take us beyond that regulation. I think the day you get that sort of mental approach fully established is a very healthy day, if we do things without being regulated into doing them.

1150

Mrs Grier: That is certainly an ideal situation we would all love to be in, but realistically, everybody has other priorities and your board of directors may well find, "There isn't a regulation, so we have something else we'll do," rather than get to that point.

I take it from your answer, though, that you are not going to need as long a lead time in developing the technology to take you to the next stage as you have for this one, given how much you have already done and how far you have come.

Mr Aitken: Yes, that is a logical sort of conclusion. We know a lot about flash smelting right now, so that what we are doing is less fundamental research than applied research. Applied research, if it works, is probably shorter in terms of completing it, but, in any research program, I would not like to be forced into putting an end date on it, because research is research; it is not like engineering design or construction.

Mrs Grier: Thank you very much.

The Chairman: Gentlemen, thank you very much for a very informative presentation. I am very happy that you monitored the report as closely as you did, so that some of us who did some background reading knew what you were talking about a little bit. It is very informative.

I should add for the record too that I used to live in Sudbury in the 1940s. My father worked at Froid and at Creighton before the war. I can remember the one neighbour on our street who tried to plant grass every year. It came up beautifully and the first time the emissions came from the smelter, he did not have any grass any more. It is a real pleasure to go back to Sudbury these days and see the kinds of things that were done continuously over the years on behalf of Inco for the community.

Mr Callahan: I thought you were going to say you run barefoot through the grass.

The Chairman: I might do that too. There is a big meeting up there this weekend that some of us may be going to, so be forewarned. But thank you very much for coming.

I want to reserve a few moments because Mrs Marland asked us to comment on the letter from Algoma Steel before we broke. For the benefit of the



committee, there may be a vote because of the two motions that are down there. If the bells start ringing, we will have to adjourn at that point, if we do not adjourn before that point.

Mrs Marland: I just want to be very clear why Algoma Steel said it would not appear. Are they saying they have nothing to say, that they have not had enough time to respond to the minister's opening comment and therefore they have nothing to say to us?

The Chairman: This is what the letter says. I think perhaps the clerk could shed more light on it because he had a series of conversations by phone with the individual who signed the letter.

Mrs Marland: Who is that?

The Chairman: He is a chap by the name of Fraser Craig, who is the environmental and industrial hygiene manager for Algoma Steel. Is there further information available for us?

Clerk of the Committee: There is no further information. What transpired was that I spoke to the gentleman and he felt he could not make a proper presentation within the time limit that we have given. I informed him we have given everyone the same time limit. However, he proceeded to send us the letter stating that they were not able to appear.

Mrs Marland: I think the president of Algoma Steel should be contacted because, frankly, I think it is a bad show that they are declining the opportunity to come before this committee. I recognize what he is saying, but he obviously is a staff person who does not set the policy for that company and I think, because it is a poor show, it is a bad reflection on that company. I really think, Mr Chairman, that the president of the company should have the choice of whether they have somebody come down and participate, even if we make some time for them next week. That is pretty irresponsible on the part of that company.

The Chairman: The clerk has an additional comment he would like to make here.

Clerk of the Committee: Mrs Marland, I contacted the president of the company and he assigned this particular individual to make arrangements for the company. So my contact person was chosen by the president himself.

Mrs Marland: Okay. Then I would ask that you go back to the president and tell him that his staff has declined to come because of the time allocation, yet the other companies have found that time allocation suitable. I really cannot believe that they would be happy to have on the record that they declined to take part.

Clerk of the Committee: I made that point to the gentleman when I spoke to him before he sent me this letter. I made the point that they should consider their position, but I have no difficulty in calling them back.

Mrs Marland: If the committee agrees, when you call back I think you should indicate that you have been given direction by the chairman on behalf of the committee to speak to the president again.

Mrs Grier: I suspect it is related to the uncertainty of the future and the future plans of Algoma as a result of the Dofasco takeover. As I

understand it, and maybe the ministry people can correct me, Algoma is meeting the limits because its production is so low, and nobody yet knows what Dofasco's plans are and how Dofasco is going to operate the plant.

Our fear is that if they in fact increase production, then they are not going to be in a position to meet the targets. I guess what the committee needs to be reassured about is that there is no way they are going to be given any exemption or any extension or any permission to exceed those limits, regardless of their corporate changes.

I too would like to say that to them face to face, but could we have something from the ministry as to what its attitude has been to Algoma?

The Chairman: I think we could probably clarify this because, as you know by the agenda, the Ministry of the Environment is coming back to the table at 4:30 this afternoon. We could perhaps set up something specific from the ministry's point of view on how this could be attacked.

My feeling on the whole thing is that there was initially a specific request to reassign a time in August, which is completely impossible with respect to the mandate of the committee. So I had to communicate through the clerk to Algoma that it had to be one of these three days or there would not be an opportunity available.

I really think that with the concern that is already on the record, we may choose to put a concern in our report at a later date.

Mrs Grier: I think that is the way to do it. If they are not ready to come and we only have one more day, I hope our report will express our concern and reiterate our commitment to Countdown Acid Rain and to no exemptions from us. The fact that they did not choose to come and plead their case is not going to make any difference.

The Chairman: My personal feeling on it, on reading the report, is that because of cutbacks and absolutely no attempt made to do any kind of emission reduction, that kind of comment would have been read into the record anyway, if they had chosen to appear. So we can accomplish the same thing in another way.

Mrs Marland: If you are saying that you do not think we should go back and tell the president about the decision that has been made by his staff, then I would appreciate having the name and phone number of the president because I—

The Chairman: That is not what I am saying. I am saying that I think the consensus of the committee right now might be that another communication would be in order because of the concern of the committee. Unless there is some objection to that, I will get the clerk to do that immediately so that they have one last chance to be here next week.

Mr Fleet: If I can make a comment here, I think perhaps we should go a little farther actually than Mrs Marland is suggesting. Although I had a similar presumption to Mrs Grier's that Dofasco's involvement might inhibit what they want to say and that they may not know their position, I would prefer to hear that from them. There is no problem in coming in and confirming that, or even sending us a letter saying that.

Certainly the degree of communication so far has been inadequate. I



think that the point that should go back is that the committee's quite reasonable expectation is that we are going to get a better response even now, and that the company should get the feeling that we are not satisfied with the way the matter has been handled at its end.

The Chairman: Is there any further comment? I think the clerk has the flavour of what has to be determined, and I will ask him to report back on exactly what he finds out.

Mrs Marland: He might be able to get them before—

The Chairman: Right, before the end of the day.

Mrs Marland: Thank you.

Mr Callahan: Do I gather the extent of that letter will be to express Mrs Marland's concern but at the same time to express the concern of Mrs Grier and indicate that unless we hear from them, we will assume that situation and that is what we will put in our report?

Let's let them know we are giving them a second chance to appear but, if they do not, it is going in the report. I would say in the absence of any response to that, we are perfectly justified in putting it in the report.

The Chairman: Fine. Any further comment? We will adjourn then until approximately 3:30 this afternoon after routine proceedings.

The committee adjourned at 1200.

CA20N  
XC16  
-G24

STANDING COMMITTEE ON GENERAL GOVERNMENT

ACID RAIN ABATEMENT PROGRAMS

THURSDAY 22 JUNE 1989

Afternoon Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)  
VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)  
Bryden, Marion (Beaches-Woodbine NDP)  
Callahan, Robert V. (Brampton South L)  
Charlton, Brian A. (Hamilton Mountain NDP)  
Cordiano, Joseph (Lawrence L)  
Cureatz, Sam L. (Durham East PC)  
Fleet, David (High Park-Swansea L)  
McLean, Allan K. (Simcoe East PC)  
Ruprecht, Tony (Parkdale L)  
Sola, John (Mississauga East L)

Substitution:

McClelland, Carman (Brampton North L) for Mr Ruprecht

Also taking part:

Grier, Ruth A. (Etobicoke-Lakeshore NDP)  
Marland, Margaret (Mississauga South PC)

Clerk: Carrozza, Franco

Staff:

Yeager, Lewis, Research Officer, Legislative Research Service

Witnesses:

From Falconbridge Ltd:

Sudbury, Mike, Director, Environmental Affairs  
Seeley, Dr Larry, Manager, Metallurgical Technology

From the Ministry of the Environment:

Giles, J. Walter, Associate Deputy Minister, Intergovernmental Relations and  
Strategic Projects Division  
Chan, Walter, Co-ordinator, Acid Precipitation Office

LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday 22 June 1989

The committee resumed at 1541 in room 228.

ACID RAIN ABATEMENT PROGRAMS  
(continued)

The Chairman: The chair recognizes a quorum. For the first hour of this afternoon's session, a presentation will be put on by Falconbridge Ltd. Mike Sudbury and Dr Larry Seeley are our two presenters. Mike is the director of environmental affairs. I think I will turn it over to you and let you carry it until question time begins.

FALCONBRIDGE LTD

Mr Sudbury: We are pleased to have the opportunity to be here today and to present what we have done over the last few years and what we plan to do in the next few years towards sulphur dioxide abatement at Falconbridge.

You will be aware that we appeared before the committee in 1986 and we have issued six semiannual reports of our work since that time on research and development and sulphur dioxide abatement, with the final report issued last December. The chairman has mentioned that Dr Larry Seeley, the manager of metallurgical technology is here today representing Falconbridge. I am Michael Sudbury, the director of environmental affairs.

We have a 20-minute slide presentation we would like to make outlining our SO<sub>2</sub> abatement program and we would like to answer your questions following that presentation if that is agreeable. We also have a hard copy of the presentation that is available, which we can hand out after the meeting. So if that is all right, I will ask Larry to make the presentation.

Dr Seeley: Falconbridge Ltd has made major progress in reducing sulphur dioxide emissions from its smelter in Falconbridge, Ontario. We are proud of the company's accomplishments. We have been the leaders in reducing sulphur dioxide emissions.

The objective of our presentation here today is to show how Falconbridge has met and will continue to meet its SO<sub>2</sub> emission responsibilities. We hope you understand the complexity of the transition of the technology from our predecessors and appreciate our efforts.

I ask you to hold your questions until after the presentation and we would be very pleased to answer them at that time.

This graph shows very clearly that Falconbridge has met each of the emission limits. The green line is actual emissions reducing from 350 kilotonnes in 1970 to under 65 kilotonnes in 1988. The red line is the control orders from the period 1970 to 1994, 25 years.

The processes I would like to talk about in milling and smelting depend on the mineralogy of the ore. So before going into this, I would like to talk very briefly on the mineralogy of the ore we are dealing with. This is a



schematic diagram of the types of minerals that are in our ore. The large grey area is the silicates which are iron silicates, calcium silicates, aluminum silicates and so on. This represents the proportion of iron sulphide. Chalcopyrite, which is represented here, is a copper-iron sulphide. Pentlandite is represented by the green in this proportion which is a nickel-iron sulphide. Here we have iron oxides.

The job of the mill is to break up these minerals and then physically separate crystals from each other. These crystal structures are in the range of approximately one micron to 100 microns, which is in the order of one tenth the size of a human hair.

This is the real mineralogy that we deal with. For instance, here we have pyrrhotite, here is chalcopyrite and this is the pentlandite, which are the nickel-iron sulphides mixed in with the iron sulphides. So the objective then is to separate these minerals from this mineral which is the iron sulphide. The pyrrhotite is the main contributor to sulphur dioxide emissions from a smelter. Here we have pyrrhotite again and you can see the complexity we find in the minerals we have to deal with.

This is just another shot again showing how copper and nickel are interdispersed into the pyrrhotite structures. We need to break this up and then separate the minerals. The size we are talking about here is approximately one millimetre, so one can see that we are dealing with very small crystal structures.

This is a composition of the nickel-copper minerals. Here we have pentlandite which is running 36 per cent nickel, 30 per cent iron and 33 per cent sulphur. This is the composition of a pentlandite mineral. Chalcopyrite is 34 per cent copper, 30 per cent iron and 35 per cent sulphur, and pyrrhotite, which is the mineral that is uneconomical—we are trying to separate these minerals from this one in milling and in smelting—runs almost 60 per cent iron and 40 per cent sulphur and has almost no nickel in it; it has very small quantities of nickel. This is an uneconomical mineral to deal with.

In our ore at Sudbury, the distribution is approximately 3.5 per cent pentlandite in our ores, 3.3 per cent chalcopyrite and the remainder are uneconomical minerals of pyrrhotite and silicates. The nickel and copper content of our ore is running at approximately 2.7 per cent and the iron and sulphur at 24 per cent and 12 per cent. The objective of the mill then is to reject the iron and sulphur and concentrate the small quantity of nickel and copper into 100 per cent nickel and copper metals.

In the 1970s, Falconbridge operated blast furnaces and sinter strands, which are shown in this slide. The sulphur dioxide from the sinter strand was emitted directly to the stack at low concentrations. This is the blast furnace charge floor and all the gases from the blast furnaces went to the stack after removing solids in electrostatic precipitators. At the same time, pyrrhotite rejection in the mills had been pushed to the limit of technology known at that time. These are the flotation machines used to recover nickel and separate pyrrhotite. Further rejection of pyrrhotite would have resulted in unacceptable nickel losses. Again, pyrrhotite is the uneconomical iron sulphide mineral which contributes most to the sulphur emissions.

During the period 1970-79, we embarked on the smelter environmental improvement project to meet the 1980 control orders of 154 kilotonnes per year of SO<sub>2</sub>. In 1969, we started research and development in piloting of the new

smelter. A tremendous amount of piloting work was carried out in areas of fluid-bed roasting and electric furnace operation.

1550

The result of all this development work was that we built and started up our new smelter in 1978. The open sinter strand was replaced with two fluidized-bed roasters. These are self-contained reactors where the sulphur dioxide is concentrated and then recovered in the sulphuric acid plant. Air is brought in through the bottom of these roasters, reacted with the iron sulphide from the concentrates, producing iron oxides and sulphur dioxide. The sulphur dioxide in a concentrated form then goes on to the sulphuric acid plant and is recovered into a commercial product.

The blast furnaces were replaced with state-of-the-art environmentally clean electric furnaces.

This is the control room which was state of the art in 1978.

This new smelter included an 1,100 tonnes per day sulphuric acid plant. In this new smelter, 50 per cent of the sulphur feed to the smelter was captured as sulphuric acid. This constituted a major reduction in SO<sub>2</sub> emissions.

The cost of the smelter environmental improvement project was \$15 million in research and development and \$83 million in capital, for a total of \$98 million. To carry out this project today, it would cost us \$215 million.

The result of the completion of the smelter environmental improvement project is shown in this slide, which illustrates the changing distribution of sulphur from our ore. Some of the sulphur is fixed in matte and slag. Part of it is fixed in pyrrhotite tailings. In 1978, we started up our new smelter and started to produce sulphuric acid. Part of it now is in copper concentrate, and this is the part that was emitted to the stack.

As you can see, in 1980, we were recovering approximately 80 per cent of the sulphur in the ore and only emitting 20 per cent to the stack, and in 1988, we were emitting only 10 per cent of the sulphur to the stack.

Our actual SO<sub>2</sub> emissions in 1988 were less than 65 kilotonnes, far below our control order limit of 154 kilotonnes. This is due to technical improvements and to the operation of the smelter at only 80 per cent of its rated capacity.

I will now describe the continued SO<sub>2</sub> abatement program between 1980 and 1988.

In the mill, magnetic separation was developed and installed to improve the efficiency of pyrrhotite rejection. As a result, 10 per cent less nickel was lost per unit of sulphur sent to the tailings.

A separate treatment line on low pyrrhotite, high copper ore was installed to ensure high recoveries of copper and precious metals. Keeping these minerals out of the main milling circuit avoided further complicating the separation of pyrrhotite from pentlandite.

In addition, a copper concentrate was produced to be treated by custom



smelters. Removal of this concentrate from the smelter feed reduced sulphur dioxide emissions by about seven kilotonnes per year of sulphur dioxide.

This is one of the magnetic separation units installed at Strathcona mill to selectively separate pyrrhotite. One of the types of pyrrhotite, monoclinic pyrrhotite, has magnetic properties and can be separated in this manner.

This is a view of Strathcona mill. In the foreground, you can see four 600 cubic foot Outokumpu large flotation cells which are part of the separate ore treatment circuit. We are also using these units for testing large cells on the high-nickel, high-pyrrhotite ores. In the background are the multitude of small, 100 cubic foot flotation machines which must be replaced.

This is the top of a 40-foot-high pilot flotation column installed at Strathcona mill for development purposes. This Canadian innovation has great potential for improving mineral separations, including pyrrhotite separation from pentlandite.

This is a new pressure filtration unit, commissioned this year for copper concentrate to meet custom smelter requirements. This is the first application of this filtration technology in the mineral industry.

In the last eight years in the smelter, we have developed and implemented 60 per cent roast and converter slag cleaning.

This flowsheet of the new smelter can be used to explain the impact of the 60 per cent roast project that we have carried out in the last six years. But before going into that, I would like to go through the flowsheet here and just describe what is going on in this process.

As discussed previously, the ore contained approximately 1.3 or 1.5 per cent nickel and 1.3 per cent copper, for the range of three per cent nickel plus copper. In the mills, the nickel and copper are concentrated to about 11 per cent nickel plus copper. So the concentrate coming into the smelter runs at about 11 per cent nickel plus copper. The remainder is iron, sulphur and silicates.

The concentrate coming into the roaster is reacted with air at about 700 degrees centigrade to form iron oxides and sulphur dioxide. Also, some of the nickel and copper, a small proportion, forms oxides as well.

The sulphur dioxide comes off, goes through gas cleaning equipment of cyclones, electrostatic precipitators, and the gas  $\text{SO}_2$  is concentrated and converted into sulphuric acid in the acid plant.

The calcine has silica flux, which is sand, added to it and is then melted in electric furnaces along with carbon to reduce the nickel, iron and copper oxides. The iron oxide reacts with silica to form a slag. The slag floats to the top and the remaining nickel, copper and iron sulphide forms a matte that sinks to the bottom of the furnaces.

This operates at about 1,200 degrees centigrade. The slag is taken off and is sent to the dump. It is fixed and it is a very environmentally acceptable product.

The matte now contains approximately 30 per cent nickel plus copper, and the remainder is iron and sulphur. This matte is then taken on to a batch

process called converters, where air is blowing into these converters into this bath at 1,200 degrees centigrade.

Again, the oxygen of the air reacts with the iron sulphide to form  $\text{SO}_2$  and iron oxides. The iron oxides are combined with silica again to form slag. The slag then, because it still contains nickel and copper, goes back to a slag-cleaning operation where it is reduced to remove nickel and copper and cobalt. This clean slag then goes back into the electric furnaces.

The matte from the converters now runs at about 74 to 75 per cent nickel plus copper plus cobalt, and is still sulphide. The objective of the refinery then is to take the sulphide and change it into metal.

From the converters, the gases go in through gas-cleaning electrostatic precipitators and then to the stack. So with a 50 per cent roast coming into this operation, 50 per cent of the sulphur is changed to sulphur dioxide in the roasters. This goes on into the acid plant and 48 per cent of the sulphur goes to sulphuric acid, with a small portion going to a stack—two per cent. That was the design number. The real number we are operating with at this time is less than one per cent because the conversion by the acid plant that we have measured is over 99 per cent.

Again, about five per cent of the sulphur coming into the electric furnaces goes directly to the stack from oxidation in the electric furnaces. Three per cent is fixed in slag, 10 per cent is fixed in matte and 32 per cent goes into  $\text{SO}_2$  and then up to the stack directly.

So the emissions with a 50 per cent roast are about one third from the converter, less than one per cent from the tail of the acid plant and about five per cent from the electric furnaces.

#### 1600

Just to give you an idea of the electric furnace, this vessel contains 2,500 tonnes of material. We have calcine on the top with slag and matte. These are large electrodes which carry up to approximately 10 megawatts in an electrode pair. We feed calcine in through fettlings. These furnaces are 100 feet long by about 30 feet wide.

This is just tapping slag from these furnaces.

Now we go back to the 60 per cent roast, which we developed in 1983. We are now eliminating 60 per cent of the sulphur in the fluid bed roasters, which is going on to the acid plant and recovering the sulphur dioxide as sulphuric acid. Again, we fix three per cent in slag and 10 per cent in matte, so now the converter gas is reduced to 22 per cent, and we still have the electric furnace gas at five per cent.

On this flowsheet, one can see that of the sulphur coming into the smelter, we are emitting 27 per cent of the sulphur to the stack, which means that we are recovering 73 per cent of the sulphur in fixed products and not emitting it to the stack with our present operation.

The second major project in the smelter during this period was the development of converter slag cleaning. This is a slag cleaning vessel that we developed. It is a 100-tonne vessel and it is unique to Falconbridge. Converter slag cleaning is an important part of the sulphur dioxide abatement program. It maintains the reduction and slag cleaning capability of the



electric furnace to an acceptable level while increasing the degrees of roasting.

This process is also the backbone of our recycled metal business, which also fixes some sulphur by changing the metal of nickel and cobalt into metal sulphides.

Now, the cost of reducing SO<sub>2</sub> emissions for the period 1980 to 1988 was \$13 million in research and development and \$7 million in capital. Therefore, our total SO<sub>2</sub> abatement cost to date in 1988 dollars is \$215 million plus \$20 million, which equals \$235 million.

Since the start of the new smelter in 1978-80, we have continued to decrease our SO<sub>2</sub> emissions. This accomplishment is most effectively shown by the decreasing ratio of SO<sub>2</sub> emission per unit of nickel produced. This reached a low of two tonnes of SO<sub>2</sub> per tonne of nickel produced in 1988. This decreasing ratio of sulphur dioxide emitted per unit of nickel produced illustrates our commitment and achievement in sulphur dioxide abatement. The level in 1988 is two tonnes of SO<sub>2</sub> per tonne of nickel produced.

Going on to the period 1989 to 1993, our sulphur dioxide abatement plans for the period were submitted to the minister in December 1988. Falconbridge plans to spend \$38 million over the next five years in the smelter, acid plant and Strathcona Mill to ensure that a 100-kilotonne limit on sulphur dioxide emissions at a rated capacity of 88 million pounds will not be exceeded. The cost breakdown is \$18 million in the smelter, \$12 million in the mill and \$8 million in research.

The \$12-million expenditure in the mill is in process control, completion of the separate ore circuit, classification and grinding control and large flotation cells. The capital program requires the continuation of the large development effort which was started several years ago.

A major part of the program is to facilitate process control by installing large, 1,350-cubic-foot flotation cells at Strathcona Mill. This conceptual drawing clearly illustrates the difficulty of modernizing a mill while still maintaining operations. We must first locate large flotation cells outside the mill. This will make extra room to remove cells internally, and then we will retrofit large cells into the existing operating mill while it is running. This program is well under way, and the first cells to be placed outside will be installed in the fall of this year. At the end of this change, 20 large flotation cells will replace 250 small cells.

In the smelter, \$18 million will be spent to accommodate a higher degree of roasting by increasing the capacity of the electric furnaces, the roasters, the roaster off-gas systems and the acid plant.

We need to increase the coke reductant capacity to the furnaces at higher degrees of roast. This requires spray-cooling towers on the furnace off-gas system. The area shaded in blue is a drawing of one of four spray coolers required, about seven storeys high. These coolers need to be retrofitted into our existing plant while continuing to operate the electric furnaces. Installation scheduling must be matched with operations.

The cost of the program between 1989 and 1993 is \$38 million. This brings the total cost of our sulphur dioxide abatement program to \$275 million in 1988 dollars.

At this point, I would like to talk about the research and development

to support this capital program. Difficult solutions are required. We are now down to a small amount of emissions and the task becomes much tougher to capture that last increment of sulphur dioxide.

Just to give you some awareness of the technological effort, this slide lists all the resources that we have involved in our SO<sub>2</sub> abatement program over the last few years. On the far left we have the research and development, engineering and operations personnel, the different groups at Falconbridge involved in special project teams, in the centre we have the external consultants who were used extensively and on the right we have the university resources which were contracted to do fundamental studies.

Some of the technologies which need to be developed in the mill are: a new flowsheet must be designed and developed and retrofitted into the existing operations; new applications of magnetic separation on different types of products need to be developed; process control needs to be improved; column flotation and the application of this new technology and various mineral separations are required, and grinding and classification control are also required.

New technologies which must be developed in the smelter are the use of furnace reductants and new types of reductants, the operating methods for high-temperature electric furnace operation and the ability to maintain furnace integrity, the integrity of the refractory or the brick with superheated slags.

The R and D costs associated with SO<sub>2</sub> abatement are summarized in this slide. We have spent significant funds on higher degrees of roast, converter slag cleaning and pyrrhotite rejection. We have allocated our best technical resources and the major part of our R and D funds to SO<sub>2</sub> abatement. This detracts from work on research and development projects with attractive returns on investment which are required to maintain our competitive position in the world nickel market.

The Department of Regional Industrial Expansion of the federal government, which is now the Department of Industry, Science and Technology, supported this research and development to a level of \$6 million. We have not requested support for capital expenditures, but we feel that support of research and development in this area is very appropriate.

To summarize, the expenditure of \$38 million will ensure that we meet the limit of 100 kilotonnes per year in 1994 at our rated capacity of 88 million pounds of nickel.

In conclusion, Falconbridge has made major progress in reducing sulphur dioxide emissions. This is illustrated in this slide by the decreasing sulphur dioxide emission per unit of nickel produced. We are now at low emission levels and the laws of diminishing returns in SO<sub>2</sub> abatement per unit of effort are with us. Obtaining the next increments in SO<sub>2</sub> abatement is much more difficult than the first increments.

We ask this Ontario government committee to recognize this achievement by Falconbridge and to treat Falconbridge fairly, equitably and congruently with others in the Canadian industry. We have been the leaders in sulphur dioxide abatement and we will continue to be the leaders until 1994. We are concerned about being legislated into continuing to be the leaders. We believe this to be inappropriate. We are now climbing a steep cliff on this problem, and further reduction will come with great difficulty.



1610

The Chairman: Do you have anything to add, Mike, before we open for questions?

Mr Sudbury: No, beyond endorsing Larry's comments.

Mrs Grier: I appreciate your presentation. Let me start by picking up on the last thing you said, because I certainly am interested in knowing where we go beyond 1994. All the major contributors have indicated that yes, they can meet the regulation and they have had the time to do the research and development and prepare to meet the regulation, but it is certainly my hope that the government will not leave it at that and that we will move beyond the existing regulation.

I hear what you said, but I suspect you would acknowledge that there is certainly going to be some pressure to go beyond what you are now doing or you would not have said what you did say. What has to happen for you to go beyond that? What kind of time frame do you need? What does the government need to do to move you, and not just you alone but all of the major contributors, beyond the levels in this regulation?

Mr Sudbury: As our report at the end of 1988 indicated, we have no intention of resting on our laurels. We are continuing to work and we will continue to push our research, both on pyrrhotite separation and on sulphur dioxide abatement, and on our smelter program. We have indicated that we expect to get down to the 75,000-tonne level as this work progresses beyond 1994.

Mrs Grier: What are your production trends? We heard from the Inco people, for example, that whatever number they gave us they saw as being their level for the foreseeable future. What is your game plan?

Mr Sudbury: At this time, we have a picture that is level at approximately the present production levels.

Mrs Grier: That is the 88 million pounds.

Mr Sudbury: That is a little over 70 million, but we have an active exploration program and we do hope we will be able to build up our oil reserves to permit a somewhat higher production level.

Mrs Grier: Do you anticipate the same kind of productivity gains that we heard about from Inco, for example, as a result of the changes you are making to meet the Countdown Acid Rain program regulation?

Mr Sudbury: Our productivity gains came with the start of the new smelter. We revised our smelter back in the late 1970s and it was at that time we got our productivity gains. We do not anticipate further productivity gains

Mrs Grier: They also talked about real energy savings. Have you already benefited from that or is that a component of this program?

Mr Sudbury: No, that is not a component. We will not get energy savings as a result of increasing the degree of roast. We will get some energy savings to the extent that we can increase the separation of pyrrhotite. We will then have less material to smelt and that will reduce the amount of energy we need in the smelter, and this is our prime target.

Dr Seeley: I wonder if I can come back to your first question. I would just like to make the comment that the impediment beyond 1994 is in research and development, to develop the technology to be able to achieve economic pyrrhotite rejection and also to develop higher levels of roast with our existing smelter operation. That is the impediment at the present time.

Mrs Grier: I am not familiar with how these things work, but how much sharing of technology goes on now or is possible? You, Inco and Algoma are all trying to meet targets. How different are you all? If there are things from which you could benefit but which are part of another company's research and development, is it too farfetched to suggest that perhaps there might be some trading or some sharing in the interests of reaching lower levels?

Mr Sudbury: There is an exchange of information. We meet in technical meetings, we present papers describing our work and there are reciprocal visits to operations. There is certainly communication on an ongoing basis.

We have led the industry and we are still ahead of the game in terms of the various parameters. We are fixing 90 per cent of the sulphur in the ore; we are fixing 70 per cent of the sulphur in the smelter feed. These are figures which, if you compare them with others in the industry, are at present ahead of the game. The rest of the industry is faced with the same challenges at the next phase.

Mrs Grier: The ministry, in its evaluation of your progress report, says that you have not provided enough detail to enable a judgement to be made on the technical and economic feasibility of the proposed projects. How do you respond to that?

Dr Seeley: I would like to respond with a couple of things. First of all, we are at the 65-kilotonne limit now. We have continued to decrease our sulphur dioxide emissions and we have continued to install various types of equipment into our operation. As we have done this incrementally, we have incrementally reduced sulphur dioxide emissions. I think our track record shows we have done that.

I believe the types of equipment we are installing into our sulphuric acid plant, into our roasters, into the gas handling system of our electric furnaces and into the mill should indicate that we will be reaching that 100-kilotonne limit for certain at the 88-million-pound level.

With regard to further reduction, we have set out a schedule on pyrrhotite rejection. We believe that by 1998, we should be able to go to the 75-kilotonne level through pyrrhotite rejection. This area of pyrrhotite rejection is not a new technology; it has been going on for 40 years. It is a very difficult physical separation of two types of highly intergrown minerals. There have been many failures. We believe the logical steps we have indicated will get us to the 75-kilotonne level by 1998.

Mrs Grier: Finally, if I may, we had again with Inco and in the report on the Inco submission, comments and discussion on the issues of fugitive emissions and ground level concentrations. There has been no mention of them in your report or in the comments in your report. Is that because it is not an issue, or what is the situation with you? You must have fugitive emissions.

Dr Seeley: I would say that ground level concentrations are an



issue. We have now installed a predictive control system. We monitor our emissions with respect to 13 monitoring stations in the Sudbury area. We have approximately 300 shutdowns of one to four hours per year in our smelter as a result of emissions. We have not had exceedances, to my knowledge, this year in any of the monitoring stations.

Mrs Grier: So the shutdowns are related to the control order levels, are they?

Dr Seeley: That is right.

Mr Sudbury: They are in anticipation of climatic conditions which would give us trouble. The aim is to anticipate those and avoid them.

Mrs Grier: Have you done any work to capture fugitive emissions, or what is the situation with respect to them in your case?

1620

Mr Sudbury: One of the benefits of the new smelter was to reduce fugitive emissions. Our working conditions improved substantially with construction of that plant. There has been further improvement as we have increased the degree of roast. We have done less converting because the bulk of the fugitive emissions originates with the converters. To the extent we have managed to get still higher degrees of roast, we will get further improvement.

Mr Sola: Is there any flexibility built into your projections? Inco had about a 20 per cent flexibility for unforeseen circumstances, as far as meeting the emission requirements was concerned. Is that built into the figures you give us, or is that not taken into consideration?

Mr Sudbury: There are a number of ways of looking at this. One answer is that we are operating below the 88-million-pound level. By allowing that, we maintain the production level, which is all our present ore reserves permit. There is a built-in element. The second is that when we do make changes to the smelter, we provide some provisions for—We tend to oversize equipment to the extent it is possible.

Dr Seeley: I would also answer that by the fact that we are working on two things at the same time. Pyrrhotite rejection is continuing to be worked on. We are installing this equipment into our Strathcona mill and we are also working on higher degrees of roast. The contingency, you might say, is the degree to which it is possible to develop each of those; but we are very confident we will meet that 100-kilotonne level by 1994. That is full production.

Mr Sola: Now another question, the same one I asked Inco this morning: In your R and D, what is the most important factor you take into consideration: public pressure, government regulation or government funding?

Dr Seeley: The biggest impediment in research is time. Time is possibly the most important resource we have to get there. For instance, in pyrrhotite rejection or increased degrees of roast, the systematic approach of carrying out laboratory work, mini power plant work, major power plant work and retrofitting into existing operations requires time. I would say that is the major problem.

The second one is that in a cyclical industry like ours, where we have

the profits we have now while 18 months ago we had tremendous losses going on, the availability of dollars on a long-term basis is important to keep R and D flowing like a stream. So government funding of research and development is an extremely important part, particularly in this area of the protection of the environment; while it has lots of benefits to society, to the area and to Ontario and so on, it has lesser benefits to the company on the basis of return on investment. To facilitate that technology development, partial funding of R and D is very important on a long-term basis.

Mr Sola: Would that be on a regular scale or just on the ebb and flow of your profit margin? Would you expect government aid at the peak periods or just at the trough?

Dr Seeley: I think funding of R and D should be on a continuous basis—that is, not at the peak and not at the bottom—because to build up an R and D organization to work on a problem requires several years before it starts really being productive in achieving certain topics. So continuous funding of R and D is a very important part, I think, in getting things to happen. The benefits are not just to a company but to employees and communities. The benefits of R and D are more than, let's say, return-on-investment types of things.

Mr Callahan: I want to pursue the R and D. Maybe I should know the answer to this question. You are a publicly traded company. Are you a Canadian company or are there subsidiaries in the United States or is the United States in control of Falconbridge?

Dr Seeley: We are a Canadian company. We are well over 90 per cent Canadian owned, I believe. Our board of directors is Canadian. We are an international company, we have subsidiaries outside of Canada, but it is a Canadian company.

Mr Callahan: Okay. I think you have indicated this morning \$93 million for research and development, which today would cost \$200 million to duplicate, for purposes of reducing SO<sub>2</sub> emissions. Have you shared that with either any of your subsidiaries, if you have any in the United States, or with companies that pursue a like type of operation to yours? Have you been asked to share it? The first one is, do you share it? Maybe I should do it the other way: Have you been asked to share it and do you share it?

Dr Seeley: I would like to answer that in that we have almost no subsidiaries I know of in the United States. They are more in other countries.

Second, this technology is quite unique to Falconbridge and would probably not be used by very many people outside Falconbridge. There are very few nickel producers in the world and there are very few I can think of that would use this type of technology. Generally, the ore bodies result in different types of processes evolving, so the technologies are not readily transferable from one organization or from one country to another, but parts can be. We are at the forefront, and we do not have problems of this nature in our other properties, where are treated different types of ore completely, not even a sulphide-based ore.

Mr Callahan: Hearing that, my major concern was that with that kind of money being spent on R and D—and recognizing the factor that although we create some of the problem, the United States causes a significant part of the problem too—it would be nice to know that the \$93 million, or the \$200 million in 1989 dollars, would be used in such a way to make what you people



are doing worth while. If the United States does not have or is not prepared to take the benefit of that technology, we are sort of creating a one-way blowing of the smoke or whatever, acid rain.

Dr Seeley: First, I would like to clarify that it is not \$93 million in R and D. The slide you saw was \$93 million, \$15 million of which was R and D, actual dollars early in the 1970s, and \$83 million, I believe it was, was on capital for the new smelter.

Mr Callahan: Which incorporated the R and D?

Dr Seeley: That made it \$83 million plus \$15 million, \$98 million, which is equivalent to approximately \$215 million in today's terms.

Mr Callahan: Just one final question. Has the R and D you have been required to carry out, at least at this point of what we know about free trade, had any effect on your being able to compete in the US market?

Dr Seeley: Presently the United States has no nickel producers, to my knowledge. I think the ones that were there are shut down. The two major nickel producers in the world are right here in Canada, Inco and Falconbridge. We compete in almost every market in the world. For instance, a major market of ours is the United States, with about 40 per cent of our product going there.

Mr Callahan: So free trade is going to be good for you, I guess.

Dr Seeley: Free trade is good for us and it is also good for Canada in this particular area. Almost all our product is exported.

Mr Callahan: I am surprised that you have not been taken over yet. I hope you have a poison pill slush fund.

The Chairman: Were you finished, Mr. Sola?

Mr Sola: Yes.

The Chairman: I interrupted for a supplementary there.

Mr Callahan: Sorry. That was a rather long supplementary.

The Chairman: They usually are. I want the record to show that while I recognized you, I was smiling and being very pleasant.

Mr Callahan: I just wanted anybody who read this record to know I was here.

The Chairman: Are there further comments or questions?

Mrs Grier: Can I ask about Casson Peak? Do you own the wonderful peak in the Killarney park?

Mr Sudbury: Yes.

Mrs Grier: Before I am ruled out of order, can you give me a status report on whether it is going to be mined or whether it is going to be preserved?

Mr Sudbury: It is my understanding it will not be mined. A proposal

relates to mining adjacent to the peak but not the peak itself. As you probably know, it is way off in time. It is at least 20 years away.

1630

Mr Callahan: We will not have to worry about it.

Mrs Grier: We worry for our grandchildren, those of us who are grandparents.

The Chairman: Thank you very much. This was a very interesting presentation, from the chair's point of view, to see the complete difference in technologies between the two solutions to the problem. It has been very intriguing today and I appreciate your being here and being so clear. We would appreciate the hard copy.

Mr Sudbury: Fine. Thank you very much.

The Chairman: While we are taking a bit of a break here from the presentations to get the Ministry of the Environment on deck, I would like the clerk to report on his telephone call to the president of Algoma.

Clerk of the Committee: I called this afternoon about 1:30 and spoke to the president. I relayed to him the committee's concern and after a while he agreed that there will be a representative here next week at 11:30.

The Chairman: We will take a two- or three-minute break to get the audio-visual equipment out of the way and then the Ministry of the Environment will come on the scene when we reconvene. You do not have long enough to go anywhere.

Mr Callahan: How about a definitive time for the smokers on this committee, like five minutes?

The committee recessed at 1632.

1637

The Chairman: Before Mike and Larry, the presenters from Falconbridge, get away, and to be consistent with the windup this morning when Inco was here, I should also compliment you on the change in atmosphere in Sudbury, because I think you people have been as much responsible for that as Inco has been. This was pointed out to me by the other member of the standing committee on general government who resided in Sudbury for a time, Mr Sola. I apologize for that oversight in thanking you, but it is really nice to go up to Sudbury now and see growing grass and trees and things. I hope you continue the fine effort. Thank you very much.

#### MINISTRY OF THE ENVIRONMENT

The Chairman: I imagine Mr Giles will be the lead man again. All presenters are the same as before from the Ministry of the Environment and are coming back to the table. I am going to ask Mr Giles to introduce the table again just for the record, so it is complete.

Before you do that, Mr Giles, Mrs Grier asked that the ministry come back for a period of time to look beyond these hearings and see if we can determine a direction on where we are going. Further to a conversation held



just a moment ago, what we really are trying to do is come to grips with what sort of report would be most beneficial, coming out of the three days of hearings we are having. With that background, if you would reintroduce your colleagues I would appreciate it.

Mr Giles: We have the same people with us again. On my right is Dr Walter Chan, co-ordinator of our acid rain program; on my left is John Robertson, who is in Sudbury as the district officer there and was chairman of our technical review committee for the submissions by the metallurgical companies; and Giles Endicott, who has been involved deeply in this process throughout. I expect Cliff Jutlah from the Ministry of Energy may join us a little later, in case there are any questions concerning Ontario Hydro.

Mrs Grier: As you said, Mr Chairman, my concern is in getting some sense of what the ministry's intentions are with post-Countdown Acid Rain and, in addition to Countdown Acid Rain, the regulation of other sources and the experience with the boiler regulation, which I guess is the only additional regulation that was brought in as part of the countdown process.

In reviewing the report of the last select committee, I remembered about the issue of unallocated emissions, which I know is not directly within your purview, but I would be interested in being updated as to whether there has been a resolution of that and of the fact that when the federal-provincial arrangements were made, there was still a body of emissions that was not allocated to one province or another. There was some suggestion, I think, that Ontario might accept responsibility for some of that, but you can refresh my memory on that one. That is subsidiary to my main concern as to where we are going with small sources, in addition to the four major ones, and what we do next.

1640

Mr Giles: I think the boiler regulation, as you correctly point out, was intended to limit the sulphur content of any fuels that were burned in new boilers. Clearly, we will be keeping an eye on the kind of emissions that come from other sources in order to make sure that, in total in Ontario, we do not exceed the levels that have been regulated and committed to.

This, of course, would mean that we would be dealing with each new source as it comes along through the certificate of approval and applying the best available technology to those sources, as we did in the case of the Kidd Creek smelter a number of years ago when it came in and employed the best available technology. The result was that they contained a very high percentage of the sulphur rather than emitting it, something like 96 per cent to 98 per cent.

I think at this point it would be a matter of ensuring that we understand what is coming from these other sources and making certain that it stays within the limit that is allocated to other sources in the regulations.

Mrs Grier: How much is that? In our last committee report, the estimate was that by 1994, other sources would account for approximately 25 per cent of the sulphur dioxide emissions in the province. There may be up to 200 point sources currently emitting over 100 tonnes of sulphur dioxide per year. In addition to the four major sources, 30 sources emitted more than 1,000 tonnes annually in 1984, of which 12 sources emitted more than 5,000 tonnes per year. What has changed since that statement was made in 1987, and what plans have you to change the statements in that paragraph?

Mr Giles: I doubt that we have any more up-to-date emission information than probably was available at that time—Walter is just checking it—so I am not sure we can answer that question. We may have the 1988 data, but I am not certain that we do. I have not seen it, and it would be the 1988—

Mrs Grier: This was written in 1987, so it was probably 1986 data, or maybe even 1985.

Mr Giles: It is possible. We will try to find that information.

Mrs Grier: My point is, what are you going to do about the fact that 30 sources emitted more than 1,000 tonnes a year in 1984?

Mr Giles: As I say, that would be within the part of the total program that we attributed to other sources. Based on our analysis back in 1985, we felt that it would not be cost-effective to ask those industries to make further cuts.

What we did in 1985 was to approach the whole problem on a cost-effective basis, which is why we are reducing extensive amounts from the smelters and Ontario Hydro. That is where we can get the greatest reductions for every dollar of investment made. When you look at some of these other sources with very small emissions in comparison, it is not really cost-effective as long as we can stay within the limits that we have set for ourselves.

Mrs Grier: So are you saying that you are content with the limits set in Countdown Acid Rain and see no need to move beyond that?

Mr Giles: No, I am saying that we have the program in place, which set as a level for 1994 a certain total amount, within which there are these other sources. We will monitor and continue to see how those sources are performing. Certainly, as reductions can be made with the introduction of the cap program when it comes along, or any other measures that are involved or any changes in processes where new technology can be applied, we will bring those in on a case-by-case basis, but there is no particular plan at this time to systematically reduce all those other sources, because we believe we can accomplish the program without doing so.

Mrs Grier: The accomplishment of the program is measured, in your own admission, at the 20 kilograms per hectare per year. At the time of the introduction of the program, it was assumed there would be some changes in the US or it would be reached only if there were changes in the US.

Mr Giles: That is correct.

Mrs Grier: Now that we know there are not going to be any changes in the US prior to 1994, do you see no need to attempt to reach that target alone and to make changes in subsidiary sources or other regulations that would help us to reach that target?

Mr Giles: I think the first thing we will do is examine the effect of the programs that are to be announced. I was in Washington yesterday trying to find out what was going on and at the same time explaining to congressional aides down there what we have accomplished in terms of the update, as of now, of the continued commitment and activity within our program.

It is not at all clear what the nature of the program is going to be to



fulfil the president's commitment. They are working very hard at drafting the legislation, the amendments to the Clean Air Act, for the three components of his program: the acid rain, the ozone nonattainment problem that they have in a number of their cities and the airborne toxics.

That is being drafted now by the administration and will be presented and tabled in both the House of Representatives and the Senate and they then will begin to go to work. They have not yet even decided whether they will use that as the basis for their marking up of legislation or whether they will use bills that may be introduced by other members of the subcommittees.

The point I am making is that when we know what is going on and what the timetable is, we will then be better able to evaluate what we need to do.

Mrs Grier: But has anything that you have ascertained about the US program led you to believe that there will be any reduction in emissions from the US by 1994?

Mr Giles: There will be, I am sure, continuing reductions in the US, as there have been over the last 10 years. They are on a downward trend. I would expect they will continue to be, but I do not believe we have any assurance that they will, by 1994, have reduced the transboundary flux into Canada by the 50 per cent we are looking for.

Mrs Grier: In regard to the target that you established in Countdown Acid Rain of the 20 kilograms per hectare per year, which you explained was based on a more mathematical formulation of our share of the reduction as opposed to a direct relationship to health effects or the ability of the earth to sustain that deposition, has any of the enormous amount of research that has been done in the last four years persuaded you that in fact Ontario's target ought to be less?

Mr Giles: The 1994 target was set for Canada, and Ontario as part of the Canada reduction. The objective of the 20 kilograms per hectare—we never said we would reach the 20 kilograms per hectare by 1994. We would do that only if we had Americans emissions by that time. We now will not have American emissions, as best we can tell, by that time, so the 20 kilograms is something which may be achieved within the subsequent six years, according to the estimates we currently have of the American program. But again, it will depend on how it materializes and where the targeted reductions are.

Mrs Grier: Okay, but the point I am trying to get at is, would you not agree that the 20 kilograms per hectare per year was a figure arrived at without any relation, any data to support that if you had 20 kilograms per hectare per year you would (a) eliminate the health effects of acid rain or (b) enable our lakes and forests to recover their health?

Mr Giles: We have no basis at this time for deciding what is an acceptable level to eliminate health effects, because what we are looking at in health effects is the aerosols, which are the precursors of the deposition that is damaging the natural environment.

You are correct in that we did have subsequent information emerging that suggests that we may need to go to lower levels in order to protect the more sensitive areas. But we did have at the time empirical information based on our observations across the province and across eastern Canada. That was how we arrived at the 20 kilograms.

1650

Mrs Grier: What plans have you got to lower emissions to the levels that would bring you to the deposition level that your empirical studies show is appropriate for sensitive areas of Ontario?

Mr Giles: That was the 20 kilograms that was derived empirically. We are now getting further scientific information based on other studies—more detailed, long-term studies—that suggest we may need to go further in order to protect the sensitive areas.

Mrs Grier: What plans do you have to go further?

Mr Giles: This would be a matter of reviewing where we have come. When we see what all the committed programs will achieve, we will then examine where we go from there in order to achieve that other objective.

Mrs Grier: How long after 1994 does it take to do an evaluation of where we have got to?

Mr Giles: I think we would model it before then. We know essentially what we can accomplish with the programs that are committed by 1994. We would also be able to model what the reductions in the United States will contribute as well, and we will then be able to determine where we will end up in relation to the 20 kilograms or a lower number. Depending on how and where the emissions are reduced in the United States, it may be that we will find we are below the 20 already when they implement their programs. We do not know that yet until we have seen their programs.

Mrs Grier: I can go on, but I do not want to hog it if there are others.

The Chairman: No one has caught my eye at this time.

Mrs Grier: No one else has caught your eye. Okay.

Mr McClelland: I am prepared to comment at any time.

Mr Giles: Dr Chan has some data here that may be helpful on this subject.

Dr Chan: Perhaps I can give some indication as to what relative contributions we are talking about, US versus Ontario and other parts of Canada. Let's take Muskoka as a receptive site. I have in front of me some mathematical models which indicate that roughly 50 per cent of the wet deposition originates from the United States. In Ontario, we have different major sources. Ontario Hydro would contribute 2.5 per cent; Inco, a little bit over seven per cent; Falconbridge, 2.3; Algoma, 1.4, and other Ontario sources, 4.1.

Other than the US and Ontario and other Canadian sources, there are also background sulphates, which we would have to address. Typically, the unknown sources would account for roughly 28 per cent.

I think what Mr Giles said earlier was that the relative proportion of the contribution to wet deposition is such that if we just control our own Ontario sources, it may not be most effective.

Going back to the second point, you were asking what we were doing in



order to prepare for future changes. In the past, as part of the Countdown Acid Rain program, Ontario has assigned scientists and engineers to do research to look into what type of level would be reasonable to set in order to protect the environment, both aquatic and terrestrial systems. It takes time to establish the number, but we do have some indication, as you pointed out earlier, that the number would most likely be less than 20.

In the meantime, we also have people, both internal to the ministry and external through consulting firms, who explore what technologies we could use in order to further abate  $\text{SO}_2$  and  $\text{NO}_x$  as well as the feasibility and economic implications.

With the additional information, we should be in a better position to make the changes in the future.

Mrs Grier: Okay. That is precisely what I was trying to get at. Let's go back to the figures you just gave me for your Muskoka sensitive site. In 1980, that was the one you used as your base case, and it was getting 32 kilograms. Your Ontario reductions alone were supposed to bring it to 27.6. What is it at now?

Dr Chan: I have published data up to 1986. The numbers have been changing over the years. I believe in 1984 and 1985 the number was somewhere in the upper 24s, close to 25 kilograms per hectare per year. In 1986, the number came down to 23-plus. I was talking to some scientists in Dorset who have been collecting data of this type, but have not published their final result. There is an indication that after 1986 the deposition has gone back up again, so it is not coming down. But we are talking about somewhere around 25-plus.

Mr Giles: Just to add to that, I think the 32 happened to be the number in a year that we used as a base case and there still has been some debate as to whether that is a typical number or not. There are so many variables that dictate what actual deposition on a yearly average would be: the weather systems, the prevailing wind directions and all the rest of it. The individual annual climatic conditions can vary the actual deposition rate on an annual basis. So while we used that number and we have derived our actions from it, we are a little reluctant to say that any given year is a typical year.

Mrs Grier: I guess I have a problem in relating any of these discussions to a mathematically arrived at level and feel that what we have to look at is what can sustain life and what affects human health. That has to be our target, rather than some formula that has been arrived at in some other way. What do we have to do to get to an understanding of what level of deposition will enable us to sustain life and not adversely affect human health? Forget the health because then you will tell me you do not know the levels on health.

Mr Chan: We have a lot more data on the aquatic ecosystem compared to any other ecosystem. The data has been accumulated over the past five or 10 years. At this point we are very close to establishing a number that most likely would be less than 20.

Mrs Grier: And if you establish a number that is less than 20, what will you do?

Mr Chan: That is why we have also been having a group of people

looking into the technology and feasibility of further reducing SO<sub>2</sub> and NO<sub>x</sub>.

Mrs Grier: Can you give me some time lines? Are you going to know before 1994 that 20 is too high to maintain lakes? We have not even got in to health.

Mr Chan: I would think so.

Mrs Grier: Sweden has gone as low as five on some of their lakes but I guess an average would be much higher. What has to happen to get you to put in place a program that will take us to that level? What kind of a time line do you need to develop that?

Mr Chan: I think at this moment it is a bit premature to set a time line, but our concern for the environment is not any less than yours or the rest of the members' here. So we are working towards a number and also examining technologies that are feasible and applicable in order to protect the environment.

Mr Charlton: Just to pick up where Mrs Grier left off---

The Chairman: Before going further, Mr Charlton, I should caution you a bit. You are getting borderline on asking for a policy statement. It really is not appropriate to ask them to make a policy kind of prognostication here.

Mr Charlton: No, I am not going to be dealing with policy. I want to ask them specific questions that relate to science and the evidence we have had before us both from the ministry and the companies involved in the Countdown Acid Rain program.

There is a concern that is starting to evolve in my head in terms of a fair bit of the evidence we heard here before us last week and this week. I would assume that when you come to a conclusion based on data some years ago that 20 kilograms per hectare will get you to a certain point, and now we are talking about a number that will be somewhat less than 20, that assumes a deposition rate that is fairly uniform over the course of each month, making up the total package in the year.

What happens and to what extent those conclusions are disrupted by-- what I think we are hearing from most of the presenters here is that they are setting their targets and their margins under the regulations in order to have some flexibility for situations where they have; in Hydro's case, plant outages where they have upped the use of coal in a concentrated period of time, so the deposition rate may be up substantially for a period of time.

1700

If you have excessive deposition, for example, in the Muskoka area in January, February and March right before the spring thaw, even though it may be within the total annual limit, how much does that damage your ability to help that area recover?

Unfortunately, I am going to have to go into the House to speak on a bill but I can read your answer.

Mrs Grier: Well, I will listen carefully and ask a supplementary. How is that?



Mr Giles: There is seasonal variability and the figures we use are the annual averages. Certainly, you are correct that if there was an excessively large amount of deposition in the wintertime, it would be reflected in the spring runoff. I am not sure whether you know, Mr Chan, what the average variability within a year might be. Have you any sense of that?

Mr Chan: I do not have any data in front of me, but just based on my recollection, monthly deposition—we are not talking about variation, even a factor of two, typically.

Mrs Grier: Is that concern anything that you build in—I was interested to hear from Falconbridge, and I guess I have known, that they monitor so carefully and have shutdowns when they feel weather conditions are such. Are fluctuations and time of the year built into any of the monitoring they have to do?

Mr Giles: Theirs relates to the ground level.

Mrs Grier: At their location?

Mr Giles: At their location.

Mrs Grier: But you have not built in—

Mr Giles: Whereas what we are seeing in the way of deposition is the accumulated effect of all the sources that deposit on that area, which are very many and over a large geographic area.

Mrs Grier: All right. So there is no way of building into the four major emitters factors that would relate to anywhere other than their own particular ground level.

Mr Giles: Ground level effects, yes, because I think the percentages that were quoted a few minutes ago would clearly indicate that the major contribution is coming from beyond those four.

The Chairman: All set? Any further comments or questions?

Mrs Grier: Well, if you want me to ask the questions, let me just ask about the allocation of unallocated emissions from the original federal program. What happened to that?

Mr Giles: There was an amount that was not allocated at the time. There are 174 kilotonnes left to be picked up across eastern Canada.

Mrs Grier: Fine. The committee said Ontario should assume responsibility for an additional 75,000. Did we do that?

Mr Giles: We have not as yet because it would take some action to go beyond what the regulations require. If Inco had been able to get down to the 175 that they had indicated was possible, then that would have accounted for a good part of it. If Falconbridge, on the other hand, can maintain a level below the 100, that would account for some more of it.

The fact is that I think when we are looking at the whole eastern Canadian situation, my guess would be that Manitoba will come in under the allocation that has been made to it. It will probably contribute. I doubt that Quebec has too much room, but it could also reduce its levels below the targeted amount, depending on what happens at Noranda.

Mrs Grier: Have the maritime provinces, which were so late in signing the agreement, done any meaningful programs?

Mr Giles: They believe they will come in. They intend to come in at the levels they are allocated. They are so small in terms of the total amounts that they do not perceive they will go below those levels.

Mrs Grier: Okay. Thank you. It has been very useful.

The Chairman: Thank you very much, Mr Giles, and your associates Mr Chan, Mr Robertson and Mr Endicott, if I remember correctly. I am glad you came back and clarified the questions Mrs. Grier had in particular.

I think we have done a very good job today. Are there any further comments or questions before we adjourn until next Thursday, as close to 10 o'clock as we can? Because of the insertion of the Algoma group, I would request we be here by 10:10 at the latest so that we can give the first presenters as much of an hour as we can.

Mrs Grier: The coalition is coming first, is it not?

The Chairman: No, the Energy Probe people are coming first.

Mrs Grier: I have a private member's thing on.

The Chairman: The coalition is coming in after routine proceedings at 3:30 in the afternoon.

Mr McClelland: I do not know what we can do, and I do not want to be presumptuous. It is certainly not my role to try to dictate; I am not a permanent member of this committee. But Mrs. Grier's private member's resolution is important for her and indeed for the whole area.

Mrs Grier: Am I first or second?

Mr McClelland: I think you are first.

Mr Fleet: I thought you were first.

Mr McClelland: I am pretty sure you are first. I am just saying I wonder if there is some way we can accommodate that, because my suspicion, as she arrives, is that Mrs Marland would be speaking to it. My suspicion, as well, is that I will be involved somewhat.

The Chairman: Do you have a solution to the problem, since it is our last day of hearings?

Mr McClelland: No, I am leaving that in your capable hands.

Mrs Grier: Second.

Mr McClelland: I am sure the House leaders may accommodate.

Mrs Grier: What has to happen for that to happen, a resolution of the House, or is it too late?

Mr McClelland: A motion by the House leader and unanimous consent, I believe. I am not an expert on the rules.



The Chairman: Do you mean the motion in the House?

Mrs Grier: Yes.

The Chairman: We could probably accommodate that by consensus. If you would like us to try to do that, I will try to do that.

Mrs Grier: My feeling is that I really would like to be here for the Energy Probe submission, which is at 10, and Mike Farnan has something coming up next Thursday.

Mr McClelland: Mrs. Marland would like to be here and she would also want to be there for yours. It is unfortunate.

The Chairman: Is it the feeling of the committee that I should try to get the House leader to accommodate that request that the motions be turned around and reversed?

Mr McClelland: Ask if that is possible.

Mrs Grier: It may be academic and I apologize for not knowing whether I am first or second.

The Chairman: If you are second, I will not worry about it.

Mrs Grier: If I am second, you do not have to worry.

Mr McClelland: I am not certain, but I believe you are first.

Mr Fleet: Is it feasible to rearrange the times we are meeting on that day? Personally, I am prepared to come earlier or run into the lunch hour.

The Chairman: The problem is with our presenters. At least one of the two groups in the morning is coming sort of on command. I do not really want to phone them back and change the time now.

Mr Fleet: What time is Algoma showing up?

The Chairman: Mrs Marland, the point I just made that you were not here for was that the clerk called the president of the company and Algoma will be here at 11:30 next Thursday.

Mrs Marland: Interesting. That is good.

Mr Fleet: I am wondering whether we can run more into the lunch hour, for instance. I know we do not normally do that.

The Chairman: It is up to the committee. I am at your disposal.

Mr Fleet: It makes little sense to turn the whole House upside down if we can merely turn our committee upside down. It is probably less hassle to us in the long run.

Mrs Grier: This private members' morning has been turned upside down so many times by various delays and changes. There is no problem going to the House leader and saying that I need to swap.

The Chairman: I do not think there is any problem, because the one

or two times that people have been late because of traffic, all they have done was start with the other one. Usually everyone is there and you just accommodate who is there.

Mr Fleet: I am prepared to accommodate, in any event, one way or the other.

The Chairman: We will make the arrangements and let you know.

Mrs Grier: I will do some searching around this afternoon and let the chairman know. Thank you very much.

The Chairman: We will reconvene at some point next Thursday.

The committee adjourned at 1709.





STANDING COMMITTEE ON GENERAL GOVERNMENT

ACID RAIN ABATEMENT PROGRAMS

THURSDAY 29 JUNE 1989

Morning Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough--Ellesmere L)

Bryden, Marion (Beaches--Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park--Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Marland, Margaret (Mississauga South PC) for Mr McLean

McClelland, Carman (Brampton North L) for Mr Ruprecht

Also taking part:

Grier, Ruth A. (Etobicoke--Lakeshore NDP)

Wildman, Bud (Algoma NDP)

Clerk: Carrozza, Franco

Staff:

Yeager, Lewis, Research Officer, Legislative Research Service

Witnesses:

From Energy Probe Research Foundation:

Rubin, Norman, Director, Nuclear Research

From Algoma Steel Corp Ltd:

Craig, Fraser, Manager, Environmental Controls

Dickson, Don, Supervisor of Plants, Algoma ore division

LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday 29 June 1989

The committee met at 1012 in room 228

ACID RAIN ABATEMENT PROGRAMS  
(continued)

The Chairman: The chair recognizes a quorum of all three parties. This morning Energy Probe, under the name of Norman Rubin, is here to make a presentation with respect to the acid rain report, and because all of our environmentally oriented people in the committee have some concerns that are coming up in the second hour of discussion in the House, I think we should get under way. I will turn it over to you, Norman, and you can take it from there.

ENERGY PROBE RESEARCH FOUNDATION

Mr Rubin: Thank you, Mr. Chairman. It is good to be before this committee. I am here on my own today, so I am going to be running around, moving my own slides and what not. Why do I not start right in? I do not know if anybody wants an introduction, either to me or to Energy Probe. Would that be an appropriate beginning before I launch into the substance?

Mrs Marland: No. You are so famous.

Mr Rubin: Very well, let's assume that both of us need no introduction. Suffice it to say that Energy Probe and I were both environmentalists when not everybody was. I believe about a week or two ago I hit my 11th anniversary at Energy Probe and am proud to say I was an environmentalist for years before that, when it was a fringe activity; I am pleased it no longer is.

I would like to leave you with a number of basic thoughts in perhaps three main areas. One is the general question of Ontario Hydro's strategy in meeting its acid rain regulations, which is dominated still by nuclear expansion and which I believe, as did the federal subcommittee on acid rain five years ago, is fundamentally unreliable. Unfortunately, while the federal subcommittee, in its time lost report, was speaking theoretically, we are now seeing some of the concrete results of the uncertainty that comes from replacing coal burning with nuclear expansion. In fact, Ontario Hydro, I believe, is going to be very hard-pressed in 1990 and 1991 to meet even the letter of the law and is unlikely to do materially better.

The second general issue I would like to raise is the question of the environment in which Ontario Hydro is making its decisions. The basic question is: Has the government given an incentive structure to Ontario Hydro that maximizes the good to the environment, or at least that trades off economic costs and environmental costs in the way that society as a whole would choose given the chance? It is Energy Probe's position and my position that the current regulatory structure does not do that.

I will go into, among other things, what I call the magic line effect; that there is a line on a graph somewhere, drawn by the Ministry of the Environment, and God forbid that Ontario Hydro should be above that line; that



would be a criminal act, to be above the line. Below the line, it matters not a whit where they are; there is absolutely no value placed by the regulatory environment on reductions below that magic line.

I would suggest that this is not a reasonable modelling of either cost-benefit analysis or environmental impact, and that we are dealing here with magic numbers that are amazingly arbitrary. Basically, there is not a fish, a lake or a maple tree in the province that can distinguish between the acid gas emissions that Ontario Hydro has abated or will abate and the acid gas emissions that will continue. Basically, one tonne of acid gas does roughly the same amount of harm as another, and some of these have been arbitrarily cut off while others could be avoided. Hydro could do much better at not much greater cost, and it has no incentive to do so.

Finally, I will canvass another general area, which is that there are many ways to control acid gas, and in the choice of ways to control acid gas, Ontario Hydro's decision-making matrix is not the same as society's. Ontario society should impose its value system on Ontario Hydro. I think the main problem is that the potential for energy conservation, for increased efficiency of energy, specifically electricity use in the province, has the potential to do heroic service in saving lakes, fish, maples, lungs and buildings, and that it continues to get short shrift from Ontario Hydro because of Ontario Hydro's nature, its corporate ethic, its history; if you look at what Ontario Hydro has done over the last 80 years, primarily it has built an amazing electricity system and doubled its size every 10, 15 or 20 years.

That is not what is needed at present in order to solve the acid rain problem. What is needed, and what is most attractive, is something that is quite a different activity indeed, namely, increase efficiency gains. In that context, there are a number of things the Ontario government could do to see that Ontario Hydro had the right input and naturally, as it were, did the right thing and made the right tradeoffs the rest of us out here would.

1020

One of the best ways, Energy Probe believes, to weigh the various alternatives from an acid gas control point of view would be to submit as much as possible of Ontario Hydro's acid gas control program to the full operation of the Environmental Assessment Act, namely, full public hearings under the act, which would allow the comparison or canvassing of alternatives to the undertaking and alternative ways of carrying out the undertaking, which we believe are not going to be canvassed.

We do appreciate the need to get moving on scrubbers. In a series of letters between David I. Poch, a barrister and solicitor on behalf of Energy Probe, and the Minister of the Environment (Mr Bradley), copies of which I can leave with the clerk, we have for roughly the last 14 or 15 months been trying to clarify Mr Bradley's position and to clarify our own as well, suggesting that perhaps something on the order of two scrubbers should get an exemption from hearings; that rather than giving blanket approval to anything from two scrubbers to 20 scrubbers—which is an incredibly vague and potentially broad-reaching program, whose alternatives are real and, we believe, extremely attractive—an interim stopgap approval should be given to what has to begin now if it is going to happen, and that we take the time to stop and think about the rest.

I will leave those papers here so I remember to leave them with the

clerk. I hope there is a mechanism for them to be at least available if not distributed.

Before I take you through some of the data we have gotten, some of it very hot off the press from the Ontario Energy Board hearing which is going on as we speak, I would like to make a kind of overarching point about energy policy in Ontario and electricity consumption, coal burning and acid rain. That is that the key variable in environmental destruction in Ontario from electricity generation is not which scrubber goes where, it is not control orders on specific pollutants while other pollutants go unregulated, and it is not even coal versus hydro versus nuclear, as dear as some of that debate is to me. It is demand versus supply.

Anybody who is old enough to have been conscious during the 1970s and early 1980s, when Canada faced an oil import crisis and when Canada solved its oil import crisis in ways that governments and government committees and bureaucrats and oil company officials believed was impossible until it happened; anybody who lived through that must, at least when he scratches his head and thinks about it, understand that the demand side of the energy equation is orders of magnitude more powerful and holds orders of magnitude more force and surprise in it than the supply side.

Supply is boring, stodgy and takes a long time. We know where the plants are and we can have a good idea where they are going to be. They are not going to be there very soon, least of all if Ontario Hydro builds them. Demand changes, on the other hand, can be triggered overnight, as they were in the case of oil consumption in Canada.

Canadians solved the oil import dependency problem in Canada. The federal government of the time, around 1980—I forget if the Minister of Energy, Mines and Resources was Jean Chrétien or Marc Lalonde, but one of them—charted a course of roughly a couple of hundred billion dollars of megaprojects of oil substitution and new kinds of oil, new things we could put into our gas tanks and our furnaces that might have solved our oil import problem by 1995.

Rather, we solved our oil import problem by 1980 or 1981 and have been net self-sufficient in oil ever since. We did it in the millions of ways consumers react to the proper signals. The proper signal in that case was the world price of oil, which came into Canada more slowly than in virtually any other country on Earth outside of the Organization of Petroleum Exporting Countries, because of government policy that decided that the world price of oil was not a good thing. Because of that, we only became oil self-sufficient in about 1980 or 1981 instead of several years sooner.

What government missed was the power of efficiency to affect the entire energy pie in relatively heroic ways with relatively little effort. While the shops and the factories did not close down, while there certainly was not much of a recession during the years we solved the problem—we did have a recession shortly after we solved the oil imports problem—but during those years of positive economic growth, we had negative growth in oil consumption on the order of minus five per cent per year.

That was the post-OPEC approach to oil consumption in Canada. We are still in the pre-OPEC phase of our electricity dealings in Canada and most of all in Ontario, because we have not swallowed world price; we have not swallowed realistic pricing. We are still treating electricity as if it is an end in itself; as if the more we consume, the better off we are.



I do not know how many people you could find in society today who would think that we are better off in proportion to our electricity consumption. In reading the Hansards of this committee just recently, I noticed Arvo Niitenberg saying some things that sounded close to that, but I believe he is on the fringe of society on this matter.

He said that Ontario Hydro, in failing to forecast electricity demand growth accurately several years ago, had simply failed to take into account the economic good times we were having. What he might have mentioned is that we are losing ground on electricity efficiency.

Our electricity growth which, as he said, has been averaging about five per cent a year and last year hit about six per cent a year, is not tracking our economic growth. It is much, much faster. That is, we are using more and more electricity to create a dollar's worth of value.

The object of the game is not to amass as many kilowatt-hours or terawatt-hours as you can before you die; the way the sweatshirt says to be rich is to amass as many things as you can before you die. If that is the object of an economy, to make us all rich or even happy, then using more and more of an environmentally damaging input to make the same amount of product is not a very clever way to go about it.

If you add to that the fact that Ontario was one of the very least electricity-efficient places on the planet before we started losing ground—our electricity to gross provincial product ratio was equal to the worst in the world several years ago, and it has gotten materially worse over the last several years—I think you can see that this is a potentially catastrophic failure in provincial energy policy.

We are witnessing the degrading of the business, energy and environmental environment in the province by watching policies that are creating a situation in which we use more and more electricity, whether it is coal burning, nuclear, valley flooding or even some of my favourites, like natural gas-fired cogeneration or wood-fired cogeneration—Whatever it is, We are investing more and more in that in order to get the same amount of things of value: goods and services. That is the wrong way to go. It is not the way the clever of our species are going.

Turning to the more specific topic of acid gas, do you all have copies of the slides? Good. I am going to go through them, starting with the right-hand pages. They are printed doublesided. The rectos, the pages that are facing you as you turn without flipping them over, are a series of charts headed "1986," "1987" and "1989."

1030

They are charts all prepared by Ontario Hydro. In fact, 1989 was presented to you by Dr Carole Burnham two weeks ago. They all show more or less the same thing, unfortunately at slightly different scales, so I cannot put all three slides on the projector at the same time and show you the progression quite as neatly as I would like.

This the first. The one unchanging feature in all the graphs is the Ontario regulation. Actually, I take that back. That has changed a little bit itself. The numbers have come down a little, but perhaps not from this date. At any rate, the numbers on the Ontario regulations have certainly not changed

much, but the numbers on the forecast on actual acid gas emission have changed a lot.

I have put a kind of arrow at the bottom of each of the graphs showing the year 1990. Otherwise, it is a little confusing to find your way because the graphs cover different years. Of course, 1990 is next year. It is the year that is under discussion now at the Ontario Energy Board. You will see here that the acid gas emission forecast by Ontario Hydro for 1990, at this point, was on the order of 130 kilotonnes or gigagrams, well below 1994 regulated levels.

In 1987, the scale of the graph had changed a little. On this particular graph, 1990 had shifted to the left. This is from Ontario Hydro document footnote 1987b. This is actually taken from an Ontario Energy Board exhibit, but Ontario Hydro used this graph in a number of contexts.

Again, looking at 1990, you can see that forecast acid gas emissions had risen to the 200-plus gigagram or kilotonne level. In 1999, as presented two weeks ago to this committee, you can see that 1990—again, marked by the thumb print and the triangle—has risen extremely close to the regulated level. The regulated level is 280 gigagrams or kilotonnes and the predicted emissions are now roughly 270.

Indeed, after a hasty discussion a few minutes ago with Dr Burnham, I believe this chart does not reflect the complete revision of Ontario Hydro's forecasts and plans that had just gone to the Ontario Energy Board when Dr Burnham, Mr Taborek and Mr Niitenberg testified here.

On 1 June, Ontario Hydro submitted an update of its forecast for next year and beyond of a number of key variables, based on the disappointing commissioning experience at Darlington nuclear generating station. You have, on the flip side of your first page, I believe, the Globe and Mail article, to choose a random one, indicating that Darlington was delayed roughly six months, more for some units than for others, but that basically it was not going to come in at the time it was expected to, and that has an effect.

Financially, it has an effect in terms of secondary sales, export sales that can be made. It has an effect on the availability of power in some places, on the purchases needed, and among other things on the coal that must be burned in order to meet the commitments.

This is one of the problems the federal acid gas committee, the interdepartmentalized long-range transport of air pollutants committee, in 1984 referred to in saying, among other things, that the subcommittee had very little confidence in the stated projections and acid rain strategies of Ontario Hydro.

I commend this report to you. I could leave it with you if you do not have a copy of it. They do two pages on Ontario Hydro. Do you not have it?

The Chairman: Lewis Yeager says he does not have a copy.

Mr Rubin: Very well. I still have one or two left. It is becoming a collector's item, but pages 22 and 23 on Ontario Hydro still read fairly well.

I could be wrong about this but as I said, based on a rather hurried discussion with Dr Burnham this morning, it is my understanding that this chart either has not been corrected at all or has not been thoroughly



corrected in light of the new news on Darlington. The impact of not being able to get your favourite scrubber going within six, eight or 10 months of when you said it was going to is that you obviously have a tougher time meeting this regulated magic line.

I assume the 1990 bar would not change much, because if it changed much it would be over the legal limit and Ontario Hydro obviously is committed, certainly a year in advance; it is totally committed to forecasting compliance with the regulation. It is possible that could change in November or December 1990. The dynamics of coal-burning at Ontario Hydro actually do make it vulnerable to surprises, especially late in the year.

On the other hand, I have data from the Ontario Energy Board hearing now under way indicating that the amount of fossil fuel generation Ontario Hydro is planning to produce in 1991 as of this update of 1 June is significantly higher than 1990 and even higher than 1989. While scrubbers certainly can help as they are introduced, if you take a look at 1989 and 1988 on the graph on the slide, then you will see that it is unlikely a coal burn as large as that of 1989 would result in emissions as low as in 1991, unless the installation of scrubbers has been at a fantastic rate. Two units scrubbed would not get a coal burn of this size down to an emission of this size.

I suggest that if you ask the Ontario Hydro team to update this to make sure this is consistent with the latest corporate views on how 1990, 1991, 1992 and 1993 are going to look, then this 1991 bar perhaps will be as snug to the regulation as the 1990 bar is.

There are reasons to forecast that despite Ontario Hydro's every intention to meet the letter of the law in the 1990-94 period and thereafter, of course, it may easily be left in a situation where it cannot do so. There was a lot of discussion here from a number of the members about whether Ontario Hydro is planning to meet the regulations or better them, and Ontario Hydro is quite consistent that it is planning to better them, but usually in kind of an unquantified way.

In fairness, Ontario Hydro's mandate from this government—and from prior governments—that sits in this place is very clear. They are to produce power at cost. They consistently interpret that to mean power at lowest possible cost, and they are also supposed to meet the letter of the law on acid gas.

1040

They would have a heck of a fight of their hands at the Ontario Energy Board, among other places, if they decided to come in materially below their regulated level of acid gas emissions, because as you know it costs money to abate acid gas emissions. Any abatement they do that is not forced by law would raise prices above the minimum possible cost.

They then have a mandate that is clear on the face of it. If you read the Power Corporation Act as Ontario Hydro reads it, where power at cost means power at least cost, and if you read the Countdown Acid Rain regulations and you put them together, then it is Ontario Hydro's mandate to spend as little money as possible while meeting the letter of environmental law.

It is not Ontario Hydro's business to save fish, lakes and maple trees wherever it is easy or relatively low cost or wherever it is cheaper for it to do it than for the automobile drivers of the province or Inco and Falconbridge

or others. That is not their mandate. That should be their mandate; that we as a society should be abating acid gas in total in as an efficient and cheap a way as possible.

Ontario Hydro feels it has that mandate internally, but only down to a magic line. That is the line, that step function on the graph. Below that, it has no mandate to reduce acid gas except perhaps as a matter of corporate image. I do not know how they make those tradeoffs, but as I say, if they make them heroically, if they come in far below the limit, then there will be cross-examination from the Association of Major Power Consumers in Ontario asking them why they are buying so much low-sulphur coal, and rightly so the way the law is presently written. That is not the way I would write the law, but that is the way the law is written.

Let me just dwell briefly on the problem of Ontario Hydro making it through the year. Ontario Hydro's regulations for acid gas work on a calendar year basis. In minimizing costs, they want to do as little as they can to make the guidelines. As Mr Taborek said, they have kind of a stacking order or a step function of things of increasing cost that can save more and more acid gas. They start with the cheap things, and I certainly do not fault them for that, and they slowly nibble away at more and more expensive things until they get the job done. The job is meeting the law.

One of the questions is, how many of those expensive things should you do in February in order to get the annual job done by 31 December when the champagne corks go? The answer is, who knows? It depends on how cold the winter is at the end of the calendar year. It depends on how well the nuclear plants are going to run. It depends on how well the hydroelectric system is going to generate electricity through the remainder of the year, some of which is known from snow melt and snowfall and some of which is not known. It depends on what demand is going to do during that year. It is fraught with uncertainties.

We may well be in a situation with a nuclear outage over the summer, for example, an unusually hot summer that uses lots of air-conditioning, an unusually cold fall and winter, where Ontario Hydro, having left this little cushion, this 10 gigagram cushion—that is what it is aiming for is this 270, which is only 10 below 280. That is its aiming point. The question is, what is the scatter on the aiming point? What is the uncertainty?

Ontario Hydro has obviously made a decision that this is far enough below the line that it is reasonably confident it can stay below the line and that it will avoid that awesome phone call in early December to the Minister of the Environment saying, "Here are your choices," or perhaps to the Premier's office; I am not sure where these phone calls go. But wherever they go, such a phone call may go and may say: "Here are your choices. We've already done this, this and this. Our next step is perhaps brownouts, or let us go a little over the line. What should it be?" That will be a function, of course, of things that could not be forecast perfectly.

We heard Arvo Niitenberg and others say that nobody can tell the future perfectly. That is true. The question is, what do you do after you admit that? Do you use that as an excuse for everything every time the future surprises you, even if it surprises you in predictable ways? I am telling you that this surprise is relatively predictable. This is not on the order of probabilities of a meltdown. This is more on the order of probabilities of a thunderstorm in the course of things. This may well happen, precisely because the way the year is going to play out is not foreseeable early in the year when important



decisions have to be made. In November or December, it is too late to burn more low-sulphur coal in January or to forgo coal-fired export sales in February. It is just too late. You do not have that option any more. This target is very close to the regulated limit, especially given that—

The Chairman: Can I interrupt for just a moment? We are going to lose both of our critics from the opposition parties and I wondered if you would mind if we gave Mrs Grier and then Mrs Marland a chance for a question or two?

Mr Rubin: At this point?

The Chairman: They have to leave at 11 am, so unless we do that now, if they are going to—

Mr Rubin: Perhaps I should just mention one quick solution to the problem I have outlined. I believe the most elegant solution to this wrong incentive problem and this magic line problem is to supplement the cap, the bubble, the absolute limit that you must not go over and we do not care what you do under it, with an emissions tax.

The government of Ontario should collect from Ontario Hydro an amount per tonne of sulphur dioxide and nitrogen oxides emitted in the order of a dollar a pound or two dollars a kilogram, which is roughly consistent with Ontario Hydro's marginal cost of abating. That is, by regulating them we have already supposedly forced them to spend that amount of money abating the last tonne, according to Ontario Hydro testimony. We should put that same value on all of the emissions that still come out.

That has a number of salutary effects. It has many advantages. It affects Ontario Hydro's decision-making positively and rationally for all of its decisions for all of its emissions. It affects Hydro's customers by incorporating the price of that environmental destruction into the price of coal-fired electricity. It affects the ways people use electricity so that their decision will be rational given those real costs, because environmental costs are real costs. It will also, of course, generate government revenue that can, in my favourite world, be used to minimize or mitigate some of those environmental and health impacts of acid gas and sulphur and nitrogen oxide emissions. I will pause there for questions rather than embellishing.

Mrs Grier: I am really sorry this has to happen but I know Mr Rubin will go on and I can read it on the record if not hear it.

I want to raise one question that you led into with the correspondence you have given us between Energy Probe and the Minister of the Environment. Is what you are suggesting here different from the agreement that is being signed by the Canadian Coalition on Acid Rain with Ontario Hydro?

Mr Rubin: Yes, it is.

Mrs Grier: If so, would you give me some comments on your opinion of the agreement and the deal that has been made between the minister and the coalition?

Mr Rubin: Michael Perley was in a meeting with Ron Taborek and others from Hydro and me perhaps a year and a half or two years ago. At that point, Michael was already expressing his view that environmental assessments

and hearings were really kind of a waste of time at this point, and that we knew what we wanted and the public wanted action and we had to get going.

I demurred on that point of view at the time. Energy Probe and I have occasionally given our tacit approval to things because we did not know much about them, and as we learned more about them later we were sorry we had not objected at the time. I believe a program of 20 scrubbers is certainly ripe for that kind of objection in advance.

1050

This is a decision that should be made in public, and Michael Perley and Adele Hurley should not be negotiating with Bob Franklin behind the scenes. At least they are not negotiating on our behalf when they do so. An environmental assessment hearing where we get the right of discovery, where everything has to be laid on the table, where we get to cross-examine witnesses, where we get to test the assumptions that led to the programs is a reasonable mechanism, the best one we have for judging whether, for example, the distribution of smart lightbulbs, energy-efficient refrigerators and smart control systems for industrial motors would be more cost-effective, as indeed a new study by Marbeck Research Associates has indicated, than the installation of scrubbers.

I do not think Ontario Hydro is going to make that tradeoff right behind closed doors. Certainly, nothing that the Canadian Coalition on Acid Rain has exacted from them would make them make that tradeoff right, but an environmental assessment hearing could.

So we have suggested, as I said, kind of grandfathering the first couple of scrubbers. There is no question we are going to need some scrubbing because we are going to be burning some coal, but let's talk about the rest of the program. There are billions of dollars to be invested here. If we cannot talk about investment of billions of dollars, what in God's name can we talk about, little highway extensions? This is a large term, environmentally and fiscally.

Mrs Grier: I have not had a chance to look at the correspondence you gave us. Has the minister agreed to exempt the scrubbers from an environmental assessment? What is the status?

Mr Rubin: As of now, officially, the minister has only accepted, without hearing, the environmental assessment document, but he has certainly tipped his hand with his language and in those letters that it is his intention, clearly, to exempt the entire undertaking, subject to restrictions.

The draft restrictions are published. I am afraid I may not have copied them. Are they part of what you have there, two pages, kind of typeset, called Draft Conditions—yes, you have them. That is the draft, and there is nothing in them that I can see that indicates we are going to have a complete EA process for scrubbers 3 through 20.

Mrs Grier: These draft conditions are a ministry document, not yours.

Mr Rubin: That is correct. They are not what we suggest at all.

They include nothing, for example, on the increased carbon dioxide emissions that will come from the implementation of a scrubber program. Carbon dioxide is now a free pollutant to Ontario Hydro. It is completely unregulated. One of the impacts of controlling SO<sub>x</sub> and NO<sub>x</sub>, of controlling the acid gases, is that you decrease the efficiency of the coal-fired plants,



which means you burn more coal to supply the same load. That increases, unavoidably, carbon dioxide emissions, which are responsible for about half of the global warming effect.

That is one of the points we raised with the minister, who came back with the document including the word "vexatious" in it. We do not think that is vexatious. According to a poll released by Jake Epp, when you ask the Canadian public what it thinks the biggest environmental issue of the 1990s will be, it says global warming. It is not an issue for today's Ontario Minister of the Environment (Mr Bradley), according to these documents, and we think that is wrong.

Mrs Marland: When you were talking about using more and more electricity versus the obvious, you said that is not the way the cleverer of our species are going. Do you have examples where the cleverer of our species may in fact include governments elsewhere?

Mr Rubin: There are certainly some government policies that have tilted in the right direction. I think we have a long way to go in Canada and Ontario before government policy gets to neutrality or to ground zero on the question of electricity efficiency. If you were searching for a society that rammed electricity down people's throats, you could not do much better than Ontario. One of the Scandinavian countries, I think it may be Norway, may actually go further than we do in artificially cheapening electricity.

In making it tax-free, financially risk-free, profit-free and nuclear catastrophe risk-free, giving it the right to expropriate land, keeping it unregulated so that it can set its own rates as it pleases, letting it defer costs to future generations more or less as it pleases, because it sets its own rates, and on and on—if you set up an entity to do that producing anything, food, shoes, clothing, whatever, you will have very cheap food, clothes, whatever.

Mrs Marland: What I was trying to ask is, if there are people more clever than we are in Canada at dealing with this problem, are they governments in other countries in the world? Do you have examples of where the management and conservation of electricity are more effectively achieved in any other country by any other government?

Mr Rubin: With respect, I think again you have to look at OPEC, at Canada's oil dependence as a model. Government in fact tried to subsidize conservation while at the same time cheapening the price of oil. When it finally got out of the way, the cleverness of the Canadian people solved the problem. Ontarians, I believe, are at least of average cleverness in Canada and I believe we did our share of saving oil once we started paying the price for oil. There is no substitute for passing the correct signal, including the cost of lake-killing, down to the consumer so that people who leave lights on pay the real cost of leaving on the lights.

I do not personally believe that it is a major role of government to enforce conservation. There are certainly roles where there is no alternative to that. Crown-owned or government-owned utilities like the Tennessee Valley Authority and some of the Northwest Power Planning Council utilities that are largely publicly owned have done remarkable work in conservation.

Mrs Marland: I am sorry to interrupt you. I am in the same position as Mrs Grier; I have to leave to speak on this other bill in the Legislature too.

Mr Rubin: I understand.

Mrs Marland: Very quickly, are you saying that in terms of residential conservation, it will probably never come in any great measure until the electricity is just too expensive? My opinion—and tell me if I am wrong—is that of course industry and commerce, maybe industry more, do not have as many options for conservation as does the residential consumer.

Mr Rubin: I would suggest, again with respect, that I believe it is the other way around.

Mrs Marland: Oh, is it?

Mr Rubin: When you cheapen electricity the people with the sharpest pencils waste the most and when you charge the real price for a commodity people with the sharpest pencils are those who change their ways the most. The people with the sharpest pencils are industry and the commercial sector. People trying to make a buck look at the bottom line and look at the price of their inputs.

When you charge five cents a kilowatt-hour for something that is worth perhaps 12 or 15 cents, if you internalize all the costs, then the people who are making those tradeoffs, wondering what kind of payback they get on a more efficient pump, valve, control system, heating unit, whatever, are precisely those who will say: "Are you kidding? At five cents a kilowatt-hour, it'll take eight years to pay back." Never mind that Darlington is going to take 30 or 40 years to pay it back; that is irrelevant to them. So we as a society make stupid decisions and burn too much coal and make too much nuclear waste and just use stupid products instead of smart ones.

Mrs Marland: Are you advocating for the man on the street that we increase the costs as are necessary to provide the environmental protection, be it 20 scrubbers, and let the cost of that be borne by the consumers, if they choose, through not practising conservation?

Mr Rubin: That, I believe, is Ontario Hydro's plan. They are planning to pass the cost of the scrubbers on to the consumer. What I am suggesting is that, first of all, the cost to society of the unabated carbon dioxide should also be passed on to Hydro and through it to the consumer. There is a value of the carbon that is still going to get out even after 20 scrubbers are built. This black stuff on the ground is all lake-killing stuff. That is not zero; that is big numbers. There is a value to that and it is on the order, as I said, with today's social consensus, of \$1 a pound, perhaps more. That should be paid by the people who are generating it and the people on whose behalf they are generating it. It is not.

We should also be paying the full cost of risk. We should be treating electricity like a commodity rather than as a social good in itself. It is not a social good in itself; it is an input to other goods, as are other fuels, as is water and as are many things that we produce in the province. We should take a more rational and businesslike attitude towards it and create an environment for Hydro where its decision-making takes place in an environment that makes sense. The owners of Hydro should be getting a return for owning Hydro. We do not. We instead get cheaper electricity when we use it and waste it; not when we shut the lights off, though.



Mrs Marland: By the way, this is the first time I have heard you speak and I am really impressed with your scope and range of knowledge, be it from the viewpoint you are coming from, but I have enjoyed very much hearing you and I am frustrated that I have to leave.

Were you suggesting that scrubbers, in order to expedite their installation, could be exempt from the Environmental Assessment Act? Is that what you were saying?

Mr Rubin:: I believe the whole program of scrubber installation, as proposed by Hydro—this vague program of two to 20 scrubbers of four different technologies, of any one, two, three or four of four different technologies—will be exempted by Mr Bradley, unless things change.

Mrs Marland: Yes, but do you agree?

Mr Rubin:: Our suggestion is that perhaps two scrubbers be exempted because Ontario Hydro has to start going and board approval has to be given by September if it is going to have confidence in meeting these regulations. Let them go ahead with those two and let us talk about the other 18 in a real hearing.

Mrs Marland: So you are prepared to exempt two in order that we get on with it?

Mr Rubin:: Yes.

The Chairman: Mr Faubert had a couple of supplementary questions which I deferred until now.

Mr Faubert: Let me just examine your theory a little further, because I do not think you answered the first part of Mrs Marland's question, but the second one which was interesting was whether true costs will result in conservation efficiency. I guess we can accept that the higher the costs, the more incentive there is to become more efficient.

Mr Rubin:: Yes.

Mr Faubert: Obviously that pertains to efficient use of electrical power in lighting, appliances and industrial engines, etc. I think Mrs Marland also asked you whether you have any experience in naming some jurisdictions that were doing well in this. I think you went other way. You talked about the forcing of electricity by Norway or something. But I think her question was, actually, "Give us some examples of where there is a drive for efficiency in the use of electricity."

Mr Rubin:: Sure. In most jurisdictions in the United States, electricity is priced at close to replacement level, subject to real regulation at the state level. In most places in Europe, with the exception of most of the Scandinavian countries, for example in France and Germany, electricity is priced at very close to long-run replacement cost. They do not include environmental costs as far as I know; they should.

In some places like France, which have more gung-ho policies than other places, they still pay a fair price for electricity, but the government subsidizes the borrowing and does a number of other things of that kind. Ontario Hydro has some excellent charts of the prices paid around the world for electricity. There is a large variation, if you have ever seen those

charts. That variation is not due largely to comparative advantage or cleverness in the cheap places, but rather is largely a result of subsidy levels to utility companies.

So in Kenya, Bangladesh and Ontario you find low electricity rates. In Japan, West Germany and New York state and other places you find high electricity rates. What is interesting about that chart, if you look at it, is that if you try to find a correlation between electricity rates and economic wellbeing, especially if you try to find the correlation that Ontario Hydro implies is there, that the wealthy and the fast-growing have the cheap rates, you will not find it. You will find lots of backwaters where the rates are comparable to ours.

Most of our competition that is whipping us pays much more for electricity and therefore is becoming much more efficient. We are about to start buying their refrigerators and lightbulbs; we are already starting to buy their lightbulbs. If you try to find a high-efficiency lightbulb, and I have found a number, they are all from Japan.

Mr Faubert: Just to pursue that one thing, do high costs not result in a search for alternative sources? You quote Europe, but is oil not the prime energy source of Europe and not electric power?

Mr Rubin: I know that countries in Europe in general have decreased their oil consumption and increased their efficiency of turning oil into economic output at least as much as we have. I did not bring any of those charts, but if you look at total energy efficiency, a lot of that is driven by oil in energy-to-gross-national-product ratio, for example, and in that, in general, we are improving less quickly than Japan and Europe, although we began way behind them. We are also improving less quickly over the last 10 years than the United States and we began behind them. We are falling farther behind.

In the electricity-to-GNP ratio, it is far more striking. The United States has significantly increased the economic output it gets for a kilowatt-hour of electricity while we have not, and we are losing ground very quickly now in Ontario and probably in all of Canada.

Mr Faubert: You indicated that the high-efficiency lighting systems are from Japan. Are they also in the engines and in appliances? Are they efficient? Are they producing more efficient appliances?

Mr Rubin: Oh, yes, indeed. The most efficient refrigerators that I know about, for example, are made in Japan. It may be that their refrigerator industry will do to ours what their auto industry more or less has already done to ours. Again, the reason their auto industry did it to us is that we made believe that gasoline was cheaper for longer than they did. Now we are making believe that electricity is cheaper for longer than they did.

Mr Fleet: I found the last two comments particularly interesting and I have two requests for information. One is for whatever commercial sources there are for high-efficiency lightbulbs in Metropolitan Toronto.

Mr Rubin: Yes, I can answer that one quickly. Most electricity supply houses carry them. I just got a flyer shoved through my mail slot a couple of miles from here and they listed three high-efficiency products, including PLs and the SLs, available from this random company that supplies all kinds of lighting. Consumers' Distributing has a desk lamp with a PL13



bulb. IKEA sells a number of desk lamps with PL13s or PL18s in them. If you phone our office, we can probably give you a few more. They do not have great penetration in the hardware stores, the Canadian Tires, the strictly retail places.

Mr Fleet: The places where people buy their lightbulbs, for the most part?

Mr Rubin: That is correct.

Mr Fleet: The point I made to Ontario Hydro a couple of weeks ago, because I had gone shopping looking for them and I had been in 20 stores, give or take, and I have not found any.

Mr Rubin: Yes. I read the Hansards on it.

Mr Fleet: The other information you are referring to is Hydro documentation of a comparative nature. I take it there would be two sets of comparative documents, one involving usage and one involving the element of subsidy that takes place in different countries.

Mr Rubin: I am sure Ontario Hydro has charts all made up on average usage of electricity in terms of kilowatt-hours per month per capita in various countries and various utility jurisdictions around the world. They also, for sure, have a number of different ways of showing, in very nice colour slides, the difference in rates among different jurisdictions, which always shows Ontario near what they call the top of the scale; that is, near the cheapest.

I actually prepared for the select committee on energy a few years ago, or perhaps one year ago, a chart attempting to cross-correlate per capita gross national product, the best indicator we have of wealth, with electricity rates. I would say that at best there was no correlation and at worst there was a vague positive correlation that the higher-rate places tend to be wealthier and the places that are not developing and that continue to export resources, for example, the places that are resource-based hinterlands, tend to have subsidized electricity. The hewers of wood and drawers of water, if you will, tend to have the cheapest electricity rates while the developed countries tend to have higher rates and I think there is a relationship between that.

Mr Charlton: Was that in your presentation last year?

Mr Rubin: Yes. That is right. My last presentation to the select committee on energy.

1110

Mr Charlton: I have all that stuff upstairs. I can dig that out.

Mr Rubin: Yes. That was a scatter diagram, an XY graph, with the names of the countries superimposed. I remember it made quite an impact; we put it up as a slide and everybody was staring at it. It sort of seemed that everybody thought: "Aha, he's going to try to tell us that there's a relationship; it looks like a cloud to me," and then we came on with our presentation that said: "This is basically a cloud. Hydro would tell you that there's a straight line that could be drawn through this. Try to find it."

We basically had all of the Organization for Economic Co-operation and Development countries and a number of Third World countries, all of the countries we could find data for in gross national product per capita and electricity rates. As I said, there was at best a totally random distribution. If you looked hard enough, you might see that the wealthier countries were the ones that paid higher rates.

Mr Fleet: I would be interested in getting a package of material. I am not necessarily looking for every last document you can draw out on the topic, but just something to give me a sense of what you are referring to.

You also made references to subsidization that is provided by different countries. If you have any of that kind of comparative information, I would be interested in looking at it whenever it is convenient. Perhaps other members of the committee would be interested too, I do not know, but at least I would be.

Mr Rubin: That latter will be much harder to find; actually, it is a very good question. I do not know of anybody who has pulled together the policy comparison. One possible indication is that I know that when both OECD and the International Energy Agency compare countries in terms of how they are doing on energy efficiency, for example, they seem routinely over the last several years at least to have saved some special vitriol for Canada, saying we have done the least, we have just scrapped our conservation and renewables program federally; things we have done that do not make sense. It is possible that in some of those forums some of that has been done. Unfortunately, they are very polite forums and they do not like offending their neighbours.

The Chairman: Could I suggest that instead of sending the material to Mr Fleet you send it to the clerk of the committee and then we would all be made aware of the information that is available?

Mr Rubin: Yes, I will undertake to do some of that. As I say, I believe I will fail to find comparisons of subsidy levels unless I find something I do not now know I have. On the other matters, I believe I will find you something helpful.

The Chairman: I interrupted you in full flight there, Norm, a while ago to accommodate the two critics who had to leave. Because some of your comments are making reference to meetings we have held previously, which I did not see your face at, you must be reading the material and know that part of the reason for the committee hearing is that if anything has to be put on the record, it is there. We have a little time left. If you would like to make some final comments, I think that would be in order. I would caution you, though, that we have another presentation, so I may have to cut you off in seven to 10 minutes.

Mr Rubin: Seven to 10 minutes from now?

The Chairman: Yes. Is that long enough?

Mr Rubin: We will see. It will have to be.

I will just reiterate my point that I think there should be a specific appeal to Ontario Hydro—perhaps it has been made now through the ether—to provide updates post-1 June on the various graphs that have been presented.

One other which I did not make into a slide but is pretty visible:



forecast fossil production in Ontario, showing a fairly marked design by 1983; I believe that decline is no longer there since the bad news on Darlington. Certainly by 1982 Hydro's forecast coal burn is slightly higher than 1989 and I believe on about the same level as 1988. Again, this has great implications for how much suffering is going to go on, both in Hydro and in the province, to make up the abatement.

Let me just list a number of what I call key policy flaws which I believe this committee could really make a contribution by attacking or suggesting alternatives to. I mentioned one already. Hydro's acid gas emissions are subject to regulated limits but no other incentives. There is this magic line. The value curve for Hydro is zero, zero, zero, zero, zero until you get to the line and then it is infinite. It does not have anything to do with environment. It does not have anything to do with how to run a business. It does not have anything to do with social values. A tonne of SO<sub>2</sub> is worth something out there, and it is worth paying something to get it contained. It is not zero, even if it is your first tonne.

Hydro's CO<sub>2</sub> emissions are uncontrolled, as are several other kinds of noxious and toxic emissions. Demand-side improvements face artificial barriers in Hydro, many of them natural and human. A company whose staffing and budget levels are proportional to its sales cannot be expected to be the best advocate for lower sales. But lower sales are available to us as a society and are very attractive if we start doing things on an efficient, clever and environmentally friendly basis.

Ontario Hydro's mainstay, namely, nuclear substitution or nuclear expansion, is unreliable at best. At worst, we do not even want to think about it. I do not want to get into the issues of nuclear waste and uninsurable nuclear accidents, but I will mention them. Do not forget that you are at best trading a headache for an upset stomach if nuclear substitution works to abate acid gas emissions. If it continues not to work very well, then you are doing worse than that.

The best available forum for making tradeoffs in these areas which we have now is environmental assessment hearings. It looks like unless something changes fast we are not going to get them, even on scrubbers 3, 4, 5, 6, 7, 8, 9, 10, etc, through 20.

There is one other interesting policy flaw. There was a big discussion. I think Ruth Grier was one of the people kind of attacking both the ministry and Hydro because of the possibility that the cap over Hydro's emissions was not broad enough; that as Hydro bought from nonutility generators, emissions could go up out there and down within the envelope.

That is a concern, although not a big concern, because those will be either renewables or gas-fired and generally high-efficient and very low acid gas emissions. But what it seemed to me nobody nailed either the ministry or Hydro on was the fact that Ontario Hydro can meet its regulations by purchasing from coal-burning utilities upwind. If Hydro buys power from the Ohio valley, that helps it meet these targets. But what does that do for the fish, maples, lungs, buildings and the lakes? It may do no good at all. It may do marginal good. It certainly will do no political good in our negotiations with the United States, and any hope that Congress will smile on George Bush's new law or strengthen it.

So this seems to me a much more important loophole than the nonutility generation loophole: that purchases have no environmental cost, they are completely unregulated.

I also have mentioned that the calendar year limits are tricky for Ontario Hydro. You have to understand that that trickiness is the main reason for whatever white space you see below the regulatory line and above the bar graphs; when push comes to shove and we start opening the champagne in late December, that white space may or may not be there depending on how things have gone. Whether it is a cold November or December is a key variable, and if the nuclear plants continue coming in late and performing badly.

Here I gave you one more chart on your transparencies showing that the future may well be worse than the past, namely, that as the nuclear plants have aged, in general they have produced less power per year. Here, called Ontario Hydro Candu Performance Capability Factor: in column 1 on the left we have all of the first years of all of Hydro's reactors. In column 2, on a scale of 0 to 100, the question is: How much of the power which they theoretically could have generated did they generate? This is capacity factor. It is actually capability factor; do not worry about the difference. Basically, it is: How much of what could have come out did come out?

Then we have year 2 of all the reactors, year 3, year 4 and out to roughly year 20 or 21, actually year 22, because this includes Ontario Hydro's firm forecasts, if you will, for how each of its stations is going to behave over the next five years. The actual experience is only to about year 18, but we have something like to year 23 with Hydro's forecasts.

#### 1120

We have taken Hydro's forecasts as true. None the less, the shape of this cloud is quite clear, I think, and we have done some linear regression analysis here. Next week we will present some multiple regression analysis to the Ontario Energy Board with the help of a consultant. It all comes out the same way. The slopes are all downward.

We have three different slopes here: A is what you get when you take the real results and draw the best-fit line through them, falling fairly precipitously; B is what you get when you add to that Ontario Hydro's predictions as gospel; and C is what you get if you take Ontario Hydro's predictions over the last four years and compare them to what actually happened over the last four years and apply the same discount to their next five years' forecasts; then you get the C regression.

In any case, these are the scrubbers in Ontario. This is what Hydro is betting is going to save our lakes and this is how they are going. By the way, that line way up top there, at 80, is what Ontario Hydro and the Ontario Nuclear Cost Inquiry, to its embarrassment, accepted as the best guess of how the reactors are going to average out over 40 years. If there is anybody looking at this data who thinks that horizontal line is a good guess of where it is going to end up, I think I have a bridge for you to buy.

Just to speak briefly to the one other graph you have, this ties in with the Darlington delays. This is the trend if you eliminate the last two bars, which are averages: Pickering 1 through 4, Bruce 1 through 4, Pickering 5 through 8, Bruce 5 through 8, Darlington 1, 2, 3 and 4. This is how many years total it has taken to construct them. This includes both intentional and unintentional delays. If we included just unintentional delays, like the latest six months on Darlington, it would come out not so steep but still in the same direction.

Again, this is what we are banking on in making system expansion decisions and in taking us through 1990 to 1994. It was Darlington that was supposed to make these years easy. They are not going to be easy.



The Chairman: Thank you very much, Mr Rubin. We certainly have received a lot of insight into our deliberations from a completely different point of view this morning and we appreciate that. I am sorry we had to interrupt you on the way through there, but I think in its entirety, it is a nice complete package we have now.

#### ALGOMA STEEL CORP LTD

The Chairman: The gentlemen who have taken their place at the desk are Peter Nixon, president and chief executive officer, and Fraser Craig, supervisor of environmental controls, representing Algoma Steel Corp Ltd. They are going to make a brief presentation and then be open to questions by the committee. Fraser, I think you indicated you were going to be taking the lead?

Mr Craig: Yes. If I could just make one correction, it is Don Dickson. He is superintendent of clients at Algoma Ore division, rather than Mr Nixon, as you indicated.

The Chairman: Sorry about that. You did just clear that up in conversation with me, but I went by my written notes. I apologize for that.

Mr Craig: You have been given a report called Environmental Control at Algoma Ore Division, which the clerk has handed out. That is essentially the same report we gave the Ministry of the Environment in December 1988. What I would like to do, if I may, is quickly summarize that report and try to answer any questions your group has.

Algoma Ore division operates an underground iron mine at Wawa, Ontario. Wawa is 145 miles north of Sault Ste Marie. The mine has been in operation since 1939; in fact, it just had its 50th anniversary about a month ago. The material mined there is siderite ore. It contains 3 to 3.5 per cent sulphur. The ore dug out of the ground contains about 33 per cent iron, and it is sintered, which is a beneficiation process to increase the concentration of iron, and that concentration goes up to about 49 per cent after sintering. It is the 3 to 3.5 per cent sulphur that is discharged into the atmosphere during the sintering process that brings us here this morning.

The ore division has been subject to a number of regulations, really since the early 1960s. What I would like to do this morning, if I may, is start at about 1980 and go from that period to indicate to you some of the things that have occurred since then and have brought us to where we are today.

In 1980 Algoma commissioned a study by Dr Boris Weisman, who is an internationally known expert on long-range transport and the environment. His study indicated that the Algoma Ore division emissions produced a local effect but that the long-range transport was limited and the contribution of AOD to the environmentally sensitive area of southern Ontario was negligible.

Also in 1980, Algoma carried out a study to determine the cost of conventional scrubbing; that is, what it would cost us to put a scrubber on our stacks and remove sulphur dioxide. The cost of that conventional scrubbing in 1981 dollars was \$100 million. The ongoing cost of operating that scrubber would have been \$20 million annually. These costs would have doubled the cost of our ore.

I would like to stress this morning that the value of iron ore in the economy since 1982 has been very limited and the value of the ore simply will not support an expenditure of that magnitude.

In 1984 we carried out a pilot study to determine if there was some other means by which we could remove sulphur. What we did was carry out a study involving crushing of the ore and removing the sulphur with a sink-float process. That was not successful; not only did we remove sulphur, we removed iron as well. That particular process was never accurately costed, but we estimate that it would have cost us in the area of \$25 million to \$30 million.

In 1985 the Minister of the Environment announced his Countdown Acid Rain program. In that program, Algoma was required to reduce its discharges of SO<sub>2</sub> to 125,000 tonnes by 1994.

1130

If you can superimpose upon that situation the business climate that occurred between 1982 and 1986, Algoma suffered losses during that period of time and it was necessary that we re-evaluate our position in the marketplace. Algoma decided to become a smaller steel plant. We went from about a 3.5-million-tonne plant down to a 2.5-million-tonne plant. That is our steel works in Sault Ste Marie.

As a result of that downsizing, our sources of ore were downsized as well. Algoma Ore in Wawa went from a two-million-tonne plant down to approximately a one-million-tonne plant. That rationalization allowed us to meet not only the 1986 requirements of the countdown, but also the 1994 requirements. That is exactly where we are today.

Mr Rubin made the point that the economy often decides the environmental options that are open to companies and corporations, and that is exactly what occurred at Algoma Ore.

If I could just bring your attention to the report that was handed out, there is a graph toward the end of the report. It shows our historical production versus sulphur dioxide output. You will note that we have been below the line of 125,000 tonnes since 1982.

At the present time, we have two means of reducing the amount of SO<sub>2</sub> that we discharge. One is by limiting production and the other is by the addition of purchased oxides. These are materials that are waste from other sources in Ontario mines, steel mills, etc. They contain a very small amount of sulphur and a very high amount of iron, and we can augment our material that is mined from the mine with this material to, if you will, dilute our discharges and produce less SO<sub>2</sub> for a given amount of production. Those are the two means we have used for the last three years to decrease our SO<sub>2</sub> discharges.

With that, if anyone has any questions, I would be more than happy to try to answer them.

The Chairman: The member for Algoma has joined the committee as an observer. Because this particular firm is on his turf, I thought it would be appropriate if he maybe welcomed you down here and had the lead question or two, if he has some.

Mr Wildman: I appreciate the committee affording me this opportunity. I want to welcome Mr Craig and Mr Dickson. We have had some extensive discussions on these topics before.

Essentially, since the Countdown Acid Rain program was announced and the



discussions went on between the Ministry of the Environment and Algoma Steel Corp, Algoma Ore has met its targets by downsizing. Is that not essentially the situation? That downsizing, though, was not determined by the Countdown Acid Rain program as much as by market conditions. Is that not a fair statement?

Mr Craig: That is true, yes.

Mr Wildman: That has led certain members of the committee, I would think, who are for some very good reasons interested in limiting acid rain and SO<sub>2</sub> emissions in this province, to ask, "Well, what if the market conditions were to change?"

Certainly, Algoma Ore division is meeting its obligations now, but the company has, as you have just said, indicated that the downsizing is largely market driven, the downside of this. What happens if the market changes? Is it conceivable Algoma Ore production would be increased to the point where it might not be able to meet its environmental obligations?

Mr Craig: We have two options really. I should have mentioned we get our ore from two locations. We get ore from Wawa in the Sault Ste Marie area and from a mine that we are partial owners of in upper Michigan, the Tilden mine. We have an option of increasing the ore we get from Michigan. We have the other option of increasing the feed to the sinter plant with low-sulphur oxides, which will give us tons of iron without giving us tons of acid gases. Those would be our two options we have open to us.

Mr Wildman: What you are essentially saying is that if there were a market situation that required a significant increase in iron ore for your production, you would meet those requirements without increasing production at AOD in Wawa.

Mr Craig: Yes, with the possible caveat that production could increase slightly by the use of these oxides.

Mr Wildman: Is Dofasco shipping oxides into your operation?

Mr Craig: I am not sure.

Mr Dickson: Yes, Dofasco is our major source of oxides. Our own steel plant supplies oxides. We buy some from some American steel plants, but at this point in time Dofasco is our major source of oxides.

Mr Wildman: A few months ago, the vice-president of Algoma Steel Corp, Mr Lucenti, made some comments about the future of the Algoma Ore operation in Wawa and essentially said that by midsummer the company would make a decision about the future of Algoma Ore division in Wawa. Considering the importance of Algoma Ore operations to the economy of Wawa, you can imagine this has produced a great deal of rumour. There has been some speculation in the Northern Miner recently about the future of Algoma Ore.

I do not expect you to make an announcement here before the committee, but can you give us some outline as to when the company will have made its decisions with regard to the future of the Algoma Ore division operation, so that not only the members of this committee and the public in general, but the people of Wawa will know what the company's future plans are for at least the next five years?

Mr Craig: The simple answer is no, I do not know.

Mr Wildman: Midsummer to me means somewhere around July or August.

Mr Craig: I would expect the announcement would be made within a month.

Mr Wildman: I would just like to close off with two other comments. I just received a nice letter from Andy Stevens, the mine manager, thanking me for attending the 50th anniversary celebrations of Algoma Ore division. It was a very good event with the whole community. In that letter, and I will quote it briefly, Mr Stevens says: "The sinter plant set a new production record of 118,765 GT and 1,397 GT per turn in April 1989. The mine also had a record performance month in April, achieving 115.9 GT per man-shift."

I will give you that. Can you tell me what those numbers mean? Can you tell the committee what that means in terms of your downsizing?

Mr Dickson: The record production referred to there was given the present downsizing of the plant. This is the best we have done under the downsized conditions. Basically, more important in these is the production per man-shift in both the mine and the plant. Our productivity has greatly improved. In the plant, the increase in productivity was related to the highest use of these waste oxides that we have had to this point in time.

Mr Wildman: What does GT mean?

Mr Dickson: Gross tonnes.

Mr Wildman: So essentially, that is talking about records since the downsizing?

Mr Dickson: Since the downsizing. Certainly they are not records that the company has. In years past, when all sinter machines were operating, it has produced substantially more than that. But given the downsized circumstances that we are in right now, that is the best we have done.

1140

Mr Wildman: Essentially, the productivity per miner and per worker at Algoma Ore division in Wawa has increased substantially in the last decade.

Mr Dickson: That is correct.

Mr Wildman: Where you can conceivably produce the same amount now as you did in 1980 with about half the employees. Is that not fair to say?

Mr Dickson: We have half the employees we have now, but we are not producing--

Mr Wildman: No, you are not, but you could, could you not?

Mr Dickson: You are indicating about 50 per cent. I think in actual fact about 30 per cent would be a more accurate statement because we were, say, at the 1.7-million rate prior to the downsizing. Under our record conditions we are at about 1.3 million with 50 per cent of the people. When you correct those two things, it is about a 30 per cent overall improvement in productivity.



Mr Wildman: What is the highest amount that AOD could produce and still remain below the requirements for SO<sub>2</sub> emissions under the acid rain countdown?

Mr Dickson: It depends on how much of the production we get from mine ore. Right now, essentially what we have done over the last three years is to maintain the mine production constant and make up the difference by buying outside oxides. It is a variable mix of those things. If we were producing all the tonnage from the mine right now, we would be very close to the limitations.

Mr Wildman: By buying oxide from Dofasco, you are able to produce more and still remain under the limit.

Mr Dickson: That is correct.

Mr Wildman: Thank you.

The Chairman: Are there any other questions from members of the committee? I have a couple I would like to ask.

Mr Wildman: If I may ask just one more, could you characterize for the benefit of the committee Algoma Steel Corp's commitment to the Countdown Acid Rain program? Completely separate from the market issues that we have been raising and the future of Algoma Ore division, what is the company's position with regard to Countdown Acid Rain?

Mr Craig: Quite frankly, we believe the Countdown Acid Rain program is an important program, but we view it as a problem that we have solved, to date, and we have gone on to other priorities. The fact that we are well below the 1994 requirement suggests to us that problem has been solved and allows us to go on to other things.

Mr Wildman: Essentially, now the question has to be decided on the economic basis of the future of the Algoma Ore division?

Mr Craig: That is right.

The Chairman: In your preliminary remarks, you indicated that there is no way you could remove the sulphur from the coal economically. I just wanted, by way of a summary question or two, to document that. Is there no known technology for removing sulphur from the kind of operation you people run in Algoma?

Mr. Craig: There is technology available that will do that removal. Conventionally, the technology takes two different forms. It is removal of sulphur from the ore prior to its being sintered, and that is the process we studied in 1984 to grind the ore, preferentially remove the sulphur and then put the resulting mix, minus the sulphur, on to the sinter strand. As I mentioned, that was not successful.

The other opinion is to scrub the gases that are given off at the sinter plant. There is a range of technology that is available there and we looked at those technologies in 1980. The details vary in those technologies, but basically you are looking at scrubbing the gas with lime, limestone or a similar type of material and forming calcium sulphate or gypsum.

To answer your question, that is a technology that is available, but we

simply could not afford it at the ore division because of the value that is in the ore. It is limited.

The Chairman: You have just answered my supplementary question. The question had to do with the economy of the situation. I just wanted to underline that the solution is a straight economic solution, that really it is not a technological solution in any way.

Mr Craig: That is right. Throughout Ontario we are finding that the environment is largely governed by the marketplace. When the market dictates that you do certain things, that is what the private sector has to do.

The Chairman: The only recourse to the company would be to get the ore required for sale from an alternative source such as Michigan. Instead of having a total limit placed on it, above which you could not go, you would have to—on a gross tonnage point of view—come up with a more efficient way of doing it. It would be economically not feasible and you would just have to buy someplace else.

Mr Craig: That is right. If I understand your question correctly, with the possible exception of bringing in oxides. That is a low-sulphur, high-iron feed and it would allow us to operate at some level.

Mr Wildman: Essentially you are diluting.

Mr Craig: That is right. I should mention too that these materials are waste products here in southern Ontario and cannot be used, so it provides a means of recycling waste products in the economy.

Mr. Dickson: If I could refer back to Mr. Wildman's original comments about the increase in productivity at the ore division, basically that is what makes us different today than, say, four or five years ago in terms of our economics. It is the vastly improved productivity increases because, at that stage, we could quite possibly have been in the same condition as Adams and Sherman mines at this point in time, had it not been for those productivity increases.

Our process has not changed, other than the addition of oxides to a greater extent, but the productivity of the people and some things of that nature are what have kept us in business.

Mr Craig: If I could just add to that for people who perhaps are not familiar with the history of iron-ore mining in Ontario, there have been five iron mines close in Ontario in the last 11 years. The names escape me but there are five of them. There is Marmora, Griffith, Bruce Mountain and there will be two more next year. That will leave Algoma ore as the only iron mine left in Ontario and it is an underground mine where production costs are somewhat higher than open-pit mines.

The Chairman: Are there further comments or questions? Mr. Wildman would like to wind it up.

Mr Wildman: To underline what was just said, Algoma ore division is in fact the only underground iron-ore mine operating in Canada, and maybe in North America, right now.

Mr Craig: At least in North America, probably in the world.



Mr Wildman: All of the other mines that they are competing against are open-pit operations, say on the Labrador coast or offshore. It is a significant tribute to the productivity of labour and management at Wawa that they are able to compete, at least in a limited way, because it is a lot easier just for the big shovel to open an open-pit mine, as you would know from other types of mines that take place in your area, than it is to operate a hardrock underground mine.

The Chairman: This last comment allowed Mrs Marland to get back here. I think she was one of the people who wanted to ask a question or two last week.

Mrs Marland: I should explain to—

Mr Craig: My name is Fraser Craig. I am manager, environmental control, and this is Mr Dickson, superintendent of plants at Algoma ore division.

Mrs Marland: I am sure it has been explained to you why we were not here in this committee, because there was an environmental rights bill going through the Legislature. Mrs Grier and I had to leave to attend that in the House.

One of the reasons that I particularly asked to be sure that you had declined our invitation to come before the committee was, I know, that sometimes those decisions are delegated to staff and not always the right decision is made. I was concerned that you had been invited and had declined. I really felt it was an opportunity that Algoma would want to have. That is why I asked that our clerk get back to you and ask again to be sure, because I did not want to be in the position as a member of this committee after the fact and find that yes, you would have really been very serious about being here.

1150

Mr Craig: I did not decline; I indicated that I would like to have a little more time between the invitation and my actual appearance in order to make a little more sophisticated presentation. Also, at the time of the original request we had not received the Ministry of the Environment's response to our December report to the ministry. So as I say, I did not decline; I just asked that it be deferred for a period of time.

Mrs Marland: Okay. So you were waiting for the MOE response?

Mr Craig: That is right. I actually received it only approximately a week ago.

Miss Martel: But you had been invited, I hope, about two months ago.

Mr Craig: No, not to my knowledge. We were invited about three weeks ago or two weeks ago?

Clerk of the Committee: It was three weeks ago.

Miss Martel: We started these meetings three weeks ago. So we must have invited them prior to that.

Mr Craig: No, ma'am, there was no invitation up until about three weeks ago; two and one half weeks ago maybe.

Mrs Marland: I apologize for that, because we set the dates for 15, 22 and 29 June. Those dates were agreed upon at least two weeks before 15 June because we talked about it and then we delayed it one week, so you should have been invited sooner. I am sorry.

Would I assume if I read this, Environmental Control at Algoma Ore Division, that this is an update and a response? Obviously we do not have time to go over it this morning, but is that a response to where you are going to be?

Mr Craig: This report is essentially the same report we gave the ministry in December 1988, indicating that we were meeting the 1994 requirements and the means by which we were able to meet those requirements.

Mrs Marland: Okay. If you have already answered this, I will read it in the Hansard.

Have you indicated to the committee this morning what the future of Algoma is? Are you going to be under new ownership?

Mr Craig: Algoma was purchased by Dofasco approximately one year ago and Algoma is owned by Dofasco. Is that what you are referring to?

Mrs Marland: Yes. There have been suggestions, when there have been any references to Algoma, that its emissions are not going to be a problem because the production is going to be down.

Mr Craig: That is right.

Mrs Marland: So if under your new ownership the production was able to be increased, are you going to have in place the kinds of provisions, in terms of equipment, that would be needed to meet the existing guidelines?

Mr Craig: We do not anticipate any increase in production. The only means by which we could increase production at Algoma Ore would be, and we talked about this a few minutes ago, through the use of low-sulphur oxides. These are waste materials that we bring in from other sources which are low in sulphur and high in iron. They would allow us to operate within the Countdown Acid Rain program.

The economics of the situation at Algoma Ore simply do not allow us to operate with conventional scrubbing or the kinds of things that Falconbridge and Inco are looking at. The value of the ore is so much less than the value of the ore that Inco and Falconbridge mine that it just will not support that kind of expenditure.

Mrs Marland: So it is a double whammy that you are faced with. It is the value of the product, plus the fact that the economy of volume is not one that Algoma is experiencing at this time.

Mr Craig: That is right. The ore we dig out of the ground contains about 33 or 34 per cent iron. After it is sintered, that goes up to about 49 per cent. It is not uncommon in iron mining that material dug out of the ground is in excess of 60 per cent iron. That is the kind of competition the Algoma Ore division is faced with.

Mrs Marland: What does your board project for the future of Algoma? If you are planning to operate, you must be planning for the next five years,



and that is the period we are looking at for 1994 in terms of the Countdown Acid Rain program.

Mr Craig: I really cannot speculate on what the board anticipates, but we certainly do not anticipate increasing production. We certainly do anticipate staying within the requirements of the Countdown Acid Rain program.

Mr Wildman: You are being very diplomatic. Essentially, the decision that is going to be made in the near future is not whether to increase production at Algoma Ore, albeit with the oxides you mentioned, but whether or not Algoma Ore will continue.

Mr Craig: That is right. We are looking at the survival of the Algoma Ore division.

The Chairman: I think this would be a good time to interject. I think a lot of what we are talking about now is in the record, because Mr Wildman was quite concerned about this particular problem, and I further underlined the problem with a few questions of my own at the end of our discussion. Our discussion here has been relatively complete, and if I may, I think we should probably approach adjournment in case there is a vote. It is getting to be 11:55 am.

Mrs Marland: Mr Chairman, I respect that. I apologize again for the conflict this morning. When we were inviting Algoma, it certainly was not our intention that the schedule of the House business would conflict with the committee business.

Mr Wildman: I would like to thank the committee for accommodating the representatives of Algoma Ore division, Algoma Steel Corp, in giving them a longer time to prepare. We, in our area, appreciate the committee's interest, and I appreciate the gentlemen coming from the north to meet with the committee.

The Chairman: I would like to comment as the chairman, too. Because of the way the House operated back two or three weeks ago in that one session when the bells were ringing, until we get actual direction on how to proceed, we cannot issue a specific invitation to appear at a specific time. That has not been as normal as usual because of what has transpired in the last six weeks. If that has inconvenienced you, we apologize for that.

I feel, too, that it is important that you did come for a brief time to address the committee, because I know I feel a lot more comfortable about the thing. At first blush, I just read the thing and said, "They are obviously just cutting back so that they do not have to do anything technology-wise." To have people eyeball to eyeball tell me that the economic factor is so stressful is very helpful to me personally, so I really appreciate your coming.

Mr Craig: We appreciate the opportunity. We were not inconvenienced at all. Thank you.

The Chairman: Is there any further comment, or may we adjourn until around 3:30 this afternoon? So be it.

The committee recessed at 1159.

STANDING COMMITTEE ON GENERAL GOVERNMENT

ACID RAIN ABATEMENT PROGRAMS  
ORGANIZATION

THURSDAY 29 JUNE 1989

Afternoon Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)

Bryden, Marion (Beaches-Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park-Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Grier, Ruth A. (Etobicoke-Lakeshore NDP) for Ms Bryden

Marland, Margaret (Mississauga South PC) for Mr McLean

McClelland, Carman (Brampton North L) for Mr Ruprecht

Clerk: Carrozza, Franco

Staff:

Yeager, Lewis, Research Officer, Legislative Research Service

Witnesses:

From Canadian Coalition on Acid Rain:

Perley, Michael, Executive Co-ordinator

Burrell, Terry, Consultant; with VHV Research and Consulting

Hurley, Adele, Executive Co-ordinator

From Ontario Hydro:

Niitenberg, Arvo, Senior Vice-President, Operations

Taborek, Ron, Co-ordinator, Acid Gas Control Program

Burnham, Dr Carole, Director of Environment

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday June 29 1989

The committee met at 1546 in committee room 228.

ACID RAIN ABATEMENT PROGRAMS  
(continued)

The Chairman: The chair recognizes a quorum. I would like to welcome to the committee the Canadian Coalition on Acid Rain. Adele Hurley, the executive co-ordinator, Michael Perley, the executive co-ordinator, and Terry Burrell are at the table and are prepared to make a submission or presentation to the committee. Welcome.

CANADIAN COALITION ON ACID RAIN

Mr Perley: Members of the committee, it is nice to be here to continue the review you are undertaking of the Countdown Acid Rain program. Before I make some general comments on the points we have given you in outline form, I should note that there is not included in this outline any mention of what is going on in the United States. There have obviously been a lot of developments there recently. If you would like to discuss those or go over that, why do we not just leave that open for questions, or ask us for any comment on any particular aspect of the US activities that you would like.

Just briefly, as we were preparing for today we thought back to the last appearance we had made for a committee of the Legislature, which was before the select committee on the environment, of which Mrs Marland, Mrs Grier and Mr Charlton were members. That was a very fruitful series of meetings, we felt, on the provision of Ontario Hydro's Countdown Acid Rain regulation concerning emissions banking. The committee was very interested in that, as were we, because it seemed to be a way to allow emissions to occur in a manner which might allow a net exceedance of the terms of the regulation over a long period of time.

The committee set to the task of analysing that in a very efficient manner and the minister subsequently acted very quickly to tighten up that loophole. We just wanted to quickly review that this had happened and to point out that it was, in our view, a very good example of effective collaboration between public interest groups and the Legislature, the Legislature being represented by all the parties; a very effective means of tightening up an otherwise quite good program and making sure that one vehicle at any rate did not escape through a little tunnel that had been left in the regulations.

I think what we would like to pass to in our second point is the negotiation which we recently concluded with Ontario Hydro on the question of the environmental assessment of the scrubber technologies it had proposed some time ago. To review that quickly for you, attached to your notes we have included the document that was actually signed by our president, Jeffrey Shearer, and by Ontario Hydro's chairman, Robert Franklin, which agreed to certain conditions surrounding the use of limestone injection technology.

Again, I think that was a very good example of collaboration, in this case between ourselves and a variety of agencies of the government—Hydro



itself, the environmental assessment branch of the Ministry of the Environment, the Ministry of Energy, the waste management branch of the ministry and the air resources branch of the ministry—with which we met periodically from time to time, as we did with some of our colleagues in the environmental movement, to discuss this matter.

To review briefly the history which preceded the agreement, we received the environmental assessment some time ago. Our first impetus was to have it analysed by some expert outside consultants. So we asked Terry Burrell, who is an environmental economist here in Toronto and who has many years experience in matters related to the economics of environmental protection, as well as Dr Archie Slack, who was formerly chief chemist for the Tennessee Valley Authority and therefore the senior man on its scrubber program which has been extensive and in operation for some years, to analyse the EA, particularly with respect to whether the technologies suggested by Hydro which it might like to use in the EA were in fact appropriate, had proper removal efficiencies, a good operating history and these kinds of matters.

After these analyses, we concluded that the limestone injection technology was of a low enough removal efficiency to warrant examination of its use by an environmental assessment hearing and to consider whether or not it should not be excluded from the menu of technology. Throughout this process of analysis we had in mind very clearly that our mandate was, as the EA's mandate seemed to be, to simply analyse whether the four technologies suggested would get a decent amount of emissions out of the air and contribute to Hydro's compliance with the Countdown Acid Rain program. We focused on that as our sole and unique mandate, and the EA seemed to be defined that way.

It became clear after some negotiation with the parties I mentioned that a number of other people shared the concerns we had about this technology, in addition to other concerns about the scrubber program which we did not look at in great detail. After a considerable amount of negotiation back and forth with Hydro, which started out on what I guess might be described as the wrong foot—with some correspondence that really did not address the issue, in our mind, from Hydro, and then our response—then it got a little more precise in terms of its response to our concerns.

The usual pattern of negotiation unfolded, to the point where we did get a fairly clear commitment, I think, in the little agreement we signed for it to limit the use of this relatively low-removal-efficiency technology. I think this kind of agreement is not something that is necessarily likely to occur all that often. This was an unusual circumstance. The prospect was for a lengthy environmental assessment hearing, which we were perfectly prepared to engage in if necessary, although we would have preferred to avoid it because of the time and expense involved, as would Hydro and as would the ministry, I think.

In order to avoid that possibility, we did proceed to the negotiation of the agreement, which will be included in the terms and conditions, I gather, of the EA's approval and will therefore be available for people to refer to as Hydro proceeds to implement its program. I think it is a useful example of co-operation between the various sectors.

One or two people raised the matter with us as to whether this was not a dangerous precedent. I do not think it is anything of the kind; on the contrary. If one can avoid lengthy rule-making and administrative hearings and have the concerns we had, in this case about a technology's efficiency, satisfied, I think that is all to the good. Such agreements are not always

possible, but I think they can from time to time avoid lengthy and very often adversarial proceedings that really do not get you very far.

On our third point, some other issues respecting the continuing implementation of the Countdown Acid Rain program, specifically respecting Ontario Hydro, but some of these comments do apply to the other sources as well, one of the ongoing issues we have had some difficulty with over the period of time the program has been in the process of being implemented, particularly with respect to Hydro, is the issue of the need for detailed commitments: "We are going to install a scrubber here by a certain date. We are going to do this kind of program by that date."

Hydro has obviously made the case on many occasions that because of changing demand forecasts and other conditions, it needs flexibility in terms of its program. We do not quarrel with the need for some flexibility; I do not think anyone would. But now that we have reached a point where the official reporting sequence, if you like, under the Countdown Acid Rain program is officially completed, it is not entirely clear to us what hold if any the government or the Legislature has over Hydro now that this reporting procedure has been completed.

What will happen if growth and demand fluctuate one way or another, if there are no further nuclear approvals, if there are delays? How will the government and the Legislature officially, in a guaranteed and public fashion, monitor these potential changes?

I know the committee has some concern about this and I would hope we might have some exchanges about this issue, because I think it will be an important one.

For example, if you take the case of Hydro's scrubber program, we still do not know today exactly how many scrubbers and of what type will be installed by when on Hydro's Nanticoke plant. We have a good idea about Lambton, but Nanticoke is not nailed down as far as we understand it.

We are not aware of the precise—I underline that word—contribution of energy conservation to Hydro's forecasts and therefore use of fossil-fuel-fired electricity.

I think the argument can be made that there has to be some range here. It is not that a finite number can be presented by playing with a computer, but still I think some of these things bear continuing scrutiny by the Legislature and the government.

To elaborate a little on that point, the issue of the need for further check-in points—such as: When should these re-evaluations of further compliance with Countdown Acid Rain occur and by whom? Should it be a standing committee? Should it be the select committee on the environment reconstituted? Should it be some other body of the Legislature?—I think this is something that is important and should be decided pretty soon, in our view, so as not to let any time holes or others occur in this program.

Also, again elaborating a little on the comment about conservation, it just seems that overall in the context of this program, we do not have the sense that conservation is really being seriously addressed here. There have been certain efforts by Hydro to promote conservation, but it just seems to us that there is so much more programmatic activity that could occur, so much more aggressive promotion of the need for conservation that could occur to



help guarantee the achievement of the emission limits that we wonder whether it could not be a larger, more overt and more firmly entrenched part of the Countdown program.

Moving to the next point, the need for more stringent emission requirements, this is essentially a point to do with the entire program, not just Hydro. The issue is really whether there is or should be a mechanism in place as part of the Countdown program to evaluate the emerging science which will certainly be coming out in the next few years. We may even have a chance to look at the US national acid precipitation assessment program, after 10 years of impatient attention to that program's evolution, as well as other science in the near future.

1600

It may tell us that we need more stringent emission requirements, a more stringent deposition standard, for example, than the 20 kilograms per hectare per year that is now the accepted target for the Canadian program; of course, there is not yet one in the United States. For some other jurisdictions such as the state of Minnesota, which is looking at 11 kilograms per hectare per year, that is its state deposition standard now. The Scandinavian countries are looking at a range between nine to 15. This is considerably more than the 20 kilograms per hectare per year that we have here for wet sulphate.

I think there will need to be continuing evaluation of whether the eastern Canadian acid rain control program, coupled with whatever we get from our friends south of the border in the next year or so, really does the job for us; whether it achieves 20 kilograms, first off, and then whether 20 kilograms do the job. There will need to be continuing attention to that issue.

Is there some way regulation 308 and the revision thereof, which is Ontario's general air pollution regulation, could be used here, either to ensure the regular review of the science on acid deposition or perhaps to implement a permanent cap on the emissions base? This is an important issue, because right now in Ontario our program limits certain sources to a certain level of emissions by 1994. What happens if a lot of new industrial activity occurs and the emissions base throughout the province is increased after 1994? Will that not offset some of the progress we make under Countdown Acid Rain?

There is also, of course, the related issue that in Inco's case, for example, there are plans to go beyond its 1994 target. How should that be put into place? How should that be defined in terms of regulation and process?

These are important questions and I think they all need to be looked at in the context of protecting the moderately sensitive ecosystems we now have protected under our program, or perhaps we need to move to a more stringent standard to protect the extremely sensitive systems that are now not the primary focus of Countdown and other Canadian programs, because they are in the minority.

Related to that point of future emission requirements is the issue of how new sources will be controlled. How will they be permitted and how will they be allocated, not only in terms of gross amounts allowed in new industrial activity but also, where will new sources be permitted to be built? If they are built closer to rather than farther away from the sensitive areas of the province, what kind of impact will that have on those areas? Through new industrial activity, will we achieve certain economic benefits on the one hand in terms of job creation, and offset the reductions achieved on the other

hand under the Countdown program by building plants closer to rather than farther away from the sensitive areas of the province? Again, this is something that needs further and continuing scrutiny.

We have mentioned the need for regular reviews of science and program compliance. I think it is necessary, not only to make sure the Countdown program does its job and that any further reductions which might be required are identified because of continuing sensitivity of our ecosystems; not only in relation to the Canadian effort but also in relation to whatever controls are put in place in the US. That program certainly is going to be fundamental to the continuing health of Ontario's ecosystems, particularly because throughout cottage country—Muskoka, Haliburton and related points—about 70 to 80 per cent of the acid fallout there comes from the US.

It is extremely important for us to be monitoring the fallout and where it is coming from. Computer models exist that can do this. That will be a very important part of the continuing review, so we would bring that to your attention as well.

There are a couple of other issues that are not emission related directly, if you like, in terms of the Countdown program, but we did just want to raise these: the whole issue of the waste produced by Hydro's proposed scrubber program and the issue of zero discharge. We raise these because we know the federal government has concerns about

We raise this, because we know the federal government has concerns about whether the scrubbers Hydro installs will be of a class to avoid any production of waste, to ensure that byproducts are produced—gypsum, wallboard—and in short to create a world-class facility not only in terms of emission reduction but in terms of minimization of the environmental impact of the scrubbers themselves, through their solid waste, on the environment.

Certainly German and Japanese technologies in this area routinely discharge very little, if any, waste, so it is possible to discharge no waste from scrubbers. This is not some technological problem that has yet to be solved.

I gather the question of discharge from Ontario Hydro's scrubbers will be looked at in the context of the program implementation review process, which is part of the installation of scrubbers, as we go along, and that the waste discharge conditions will be based on the municipal-industrial strategy for abatement effluent regulations for scrubber systems.

I am not that conversant with these regulations. I am not sure whether they will do the job we could be doing here in terms of, again, the potential world-class nature of the system or a series of systems that Hydro could set up. I would just encourage as much attention as possible to that issue as time goes on. Any encouragement of Hydro to move in that direction would be very useful, I think.

The second of our other issues is just to bring to your attention the federal government's proposed public consultation on tighter tailpipe standards for NO<sub>x</sub> and volatile organic compounds. This is going to start very shortly, and I think either this committee or other committees of the Legislature may want to keep themselves very closely informed of how this procedure unfolds. I was going to say "unravels;" I hope it does not. There will be reports produced by the Department of the Environment very shortly on the technical aspects of this issue of how to tighten up further our tailpipe



standards to prevent urban air quality deteriorating any further than it has and improve the health of our breathable air.

We mention these reports, because the last time we went through this exercise, which resulted in the 1988-level standards being put in, we had to ensure that the assistant deputy minister in charge of this effort for the feds was brought before the subcommittee on acid rain with reports in tow in order to guarantee that they would be made public, because they were late and we could not get them out any other way.

Hopefully, that same delaying exercise will not occur again, but I think it is very important to have a good technical basis for this consideration of tougher standards. The industry is already in there raising some concerns about the impact of tighter standards and this very much concerns Toronto and the Golden Horseshoe area, particularly in terms of urban air quality, so it will be something I think the Legislature will want to keep a very close eye on as this consultation unfolds and maybe make representations to the federal government in this regard.

Those are the main issues we wanted to raise initially with you. We would be happy to answer any questions or discuss any matter related to the program or to the acid rain issue generally with you.

The Chairman: Two members have indicated a desire to question already. Our procedure here is relatively relaxed. Usually, the person pursues the questioning until he or she is finished or satisfied. If it gets too long I interject, but I am very quiet unless it is necessary to be otherwise.

Mrs Grier: I just want to be sure that I understand the agreement you have negotiated with Hydro. Am I correct that it applies to the entire scrubber program, that what you have done is eliminate from consideration one kind of technology?

Mr Perley: It is not eliminated so much as restricted.

Mrs Grier: To the peaking.

Mr Perley: To the plants that are going to be used for about 25 per cent capacity factor. Those are the only plants on which we could use this very low technology.

Mrs Grier: But there will not be any EAs on the other two technologies?

1610

Mr Perley: There is what is called the program implementation review. Each time a system is to be set up at a given plant, as we understand it, there is this fairly extensive procedure which involves, among other things, a public consultation as any given plant intends to install a scrubber or scrubbers. There is a further consultation, but I am not sure you would call it an environmental assessment in the same manner that, say, the document we have been working on is an environmental assessment.

Mrs Grier: I think you said there was a need to pay more attention to the whole issue of conservation and demand management as a technique in cutting down emissions. I am wondering what forum you see that occurring in, in the absence of an EA. That is my concern about the agreement.

Mr Perley: This EA was only designed to look at the permission Hydro wanted to use or not use, as the case may be; to have the permission to use one or more of these four technologies it put forward. That is all this EA dealt with. There was no issue raised of any other type of emission control other than these scrubbers. It was a very narrowly defined EA.

We looked at it and we said, "In the context of this EA, given that the terms of reference are strictly to look at whether Hydro should have permission to use one, two, three or four of these technologies, we will analyse each one in terms of its removal efficiency." In other words, is it going to get a substantial amount of emissions out of the air? If one of them or more are not going to, how can we make sure that technology is either eliminated from the menu, if it is really poor, or its use restricted?

We looked at the terms of the EA and we said, "Is there any other facet of the Hydro control program we can look at and not be ruled completely out of order by the panel?" Our reviewers concluded there was not, because of the very narrow terms of reference of this EA. We were constrained in this circumstance to look only at the efficiencies of the technologies, and concluded that this one technology was of such a low removal efficiency that its use should really be restricted.

In terms of such an analysis as we are doing today of the overall Countdown program, we wanted to raise the point, which we could not have raised in the context of this scrubber EA, that as far as we have been able to determine, while conservation is continuously mentioned by Hydro's officials as a means of helping Hydro achieve its limits, we are not aware of a precisely defined plan as was defined for the scrubbers in the EA as to how it intends to do this.

If I read one more article saying, "Oh, it's easy to achieve enormous amounts of reduction in energy use through conservation" by some wise person in either Canada or the United States, I think I will go crazy, because you continually see these general statements made but you do not see a detailed, defined, precise, laid-out program. I wonder whether the Legislature cannot require this in more detail of Hydro, either through the hearings going on now or through maybe a reconstitution of the select committee on the environment; whether there is not some mechanism of the Legislature to help require this.

Mrs Grier: Several select committees on energy have tried, but I think it is beyond the power of a select committee, even in a minority situation, as our last go-round with you was, where we did achieve something.

Anyway, was the constraint on the terms of reference for that EA imposed by the minister or the act or was that a self-imposition by Hydro? How did that come about?

Mr Perley: I do not think I can answer where that direction came from other than to say that from our point of view it seemed a logical one, because, of all the ways Hydro has suggested in either general or specific terms to control its emissions, scrubbers are probably the way with the most potential impact, both positive and negative, on the environment. As it has this very definite waste component as part of its negative impact, and some people will raise the greenhouse issue as another possible impact—I have some problems with that, but we can talk about that—I think that is why the scrubbers were isolated in one area and kept to one field of study, which was this environmental assessment; because they do have this negative impact.

Other means they have suggested to control their emissions do not have



these negative side-effects. The use of low-sulphur coal is just switching to one fuel from another. It does not really have any impact. As I understand it, that is why it was defined that way, because of the nature of the beast, as it were.

Mrs Grier: I appreciate that, and I will not dwell on it. I just wanted to say that I have a real problem in my own mind around the whole accountability issue when these kinds of agreements are signed. While I recognize your rationale for doing it, I am not sure it is a process I could agree to for other situations.

Mr Burrell: The terms of reference for the EA really came out of the way the Environmental Assessment Act has been applied. The acid gas program was not subjected to an EA. The flue gas desulphurization program, which would involve the expenditure of a significant amount of money on capital equipment, was subjected to the EA because that is how the EA has been defined; the difference between a project and a program, perhaps.

The acid gas program was never submitted to an EA. The proposal to make expenditures on specific pieces of equipment, because of the magnitude of those expenditures, would have required an exemption under the Environmental Assessment Act, so it was designated. One may ask the question: Is it not appropriate for a program like the acid gas program to be the subject of an environmental assessment? Such an assessment would look at the full range of alternatives too, including conservation and the rest.

Hydro did touch on the alternatives, but within the perspective that what was at issue was whether it could get permission to install these scrubbers if it so chooses. There is nothing in the terms of reference of the environmental assessment that requires them to install any scrubbers. When they choose to take action to ensure they can meet the regulated requirements imposed upon them, as a result of the EA they will have those technologies in their menu. They can do conservation, they can do hydro, etc.

Mrs Grier: So they do not ever have to implement those technologies if they find some other way of doing it.

Ms Hurley: That is right.

Mr Burrell: No, unless commitments made outside the environmental assessment process, which we understand have taken place, at least for the first two for Lambton.

Ms Hurley: Can I add one thing? So often in the past we have seen situations where, if you become engaged in an EA on something like, for example, in this case, conservation, then that becomes an excuse not to go forward with a program to install technologies. You get forced into tradeoffs you do not want to make. We do not feel that is necessarily what happened here, but maybe in the aftermath it has some of that aspect.

Mrs Grier: Certainly, the act is an imperfect vehicle for protecting the environment. We have said that in the past too.

I am very interested in your comments on new sources and expanded uses after 1994, because my worry is that everybody has focused on 1994 and nobody has thought about what happens next.

You mentioned regulation 308. When the ministry people were here last

week or the week before, they said that might be four or five years away, and that bothers me. I am wondering what recommendations or suggestions you might have for us on how we ought to move into looking at the next stage of regulation and the whole issue of the target of 20 kilograms, which we have heard is not going to be met even with this program. When do we have to start planning and building in a program in order not to just sit around in 1994 discussing what we will do next and how long it is going to take us to do it?

1620

Mr Perley: The most draconian method, of course, to avoid the kind of problem we raise would be to set a total amount of emission tonnage permissible in Ontario for sulphur dioxide by a certain date, and to say beyond that date this province will not allow the construction of any facility or the use of any machinery or plant which would contribute to an excess of the amount specified. That is just a permanent cap. Again, that is the most draconian way. I do not know whether it is possible under growth scenarios for the province.

The other way to do it—and this is sort of a variation on the initial idea—is to say that if any new source is built which is going to contribute to the emission base, some other source somewhere else has correspondingly to close. That is the only way to guarantee absolutely that there will be no new emissions increase, but it also prevents you from allowing any further industrial activity which has sulphur dioxide as a byproduct; at least it prevents you from doing that without closing some other source.

Mrs Grier: Is it inevitable that new industrial activity will have sulphur dioxide as a byproduct? In some of the ministry's testimony the answer we got was, "New sources will be clean sources." Is the technology available to do that?

Mr Perley: That is a good point to a very great extent, I think. If you look at the Kidd Creek mine near Timmins, for example, it has state-of-the-art technology and produces very little. I do not have a tonnage figure off the top of my head, but it is very little sulphur dioxide; an infinitesimal amount compared to what Inco does, for example. There may be some merit in that, but you would have to review it on a case-by-case basis.

I was thinking, as you were describing the problem—and it is a very real description—that it is sort of chicken and egg in a way. We have been conducting, if you like, a rather grandiose experiment with the environment, as many people have pointed out, in the context of the acid rain problem. We have put all this deposition into the atmosphere and we have now, belatedly, for the last 10 years, been studying what it has been doing to us for the last 30, 40 or 50 years. We are seeing certain effects. Now we are saying, "In order to protect a certain class of ecosystem, the moderately sensitive one, we have to reduce acid fallout to a certain amount."

But we have not actually reduced it yet. We have all these plans in place here and, hopefully, will have shortly in the United States to do that, but until they actually take a bite out, and we have five or 10 years to observe what the exact effect is, we will not know whether it has done the job, whether we need to go further or by how much.

What we need to do is probably somewhat along the lines of what we have already done, which is look to another jurisdiction which is ahead of us: the Scandinavians and the Germans, probably. Some of their systems are somewhat



similar to ours and can be used as predictive models for us and make sure that our people are well aware of what the programs there are accomplishing. Their problem is in some ways more serious and not analagous to ours; in some ways, it is parallel. I think you have to use some of that material.

A lot of experimentation has gone on in both Canada and the United States now on this issue and there should be enough predictive work in the lab to be able to help us tell whether we need to go beyond the 20-kilogram standard or not.

I would say that the people we have tended to listen to, who have been right the furthest in advance over the years on this issue, are people who tend to tell us that we probably need to go further. Exactly how much further they cannot say. Again, the nine-to-15-kilogram range is usually cited as somewhere in the neighbourhood of what we need to do. As I said, Minnesota already has an 11-kilogram standard and it has ecosystems very similar to ours. We may have to look at something like that to be in place by the time 1994 arrives or very shortly thereafter.

Mrs Grier: I cannot find the figures, but I was quoting the other day about the number of existing sources that are not covered by Countdown Acid Rain. This program does nothing about them and there is nothing in the works to do anything about them. Do you have any suggestions as to what needs to happen or how we arrive at—I know you have been talking about new sources after 1994. I am worried about those which are there now and which nobody is doing anything about until 1994. Have you done anything or looked at that, or have you any recommendations or suggestions for us?

Mr Perley: We have made some interventions in the process of the revision of regulation 308, which is the province's general air pollution regulation. I think we would look forward to continuing to involve ourselves in that, respecting those kinds of sources.

Just on the acid rain program side, we have tended to target the large ones that are the major contributors and have been subject to source-by-source regulation. But regulation 308 is going to have to take care of the types you are talking about, which are the smaller ones. There is a greater diversity of them, but less individual contribution. Regulation 308 is going to be the key there, I think, to whether we deal with successfully with nonsmelter and utility sources.

Mrs Grier: I have one final one, then. Is that a preferable way to look in the future, that Countdown Acid Rain was a very specific program dealing with four major problems but that for future regulation we are better to look at an overall comprehensive regulation?

Mr Perley: In my overall sense of the problem after nine years I would say yes. We have attacked the large sources which have not been that well regulated. That is phase one. Phase two has to be a more generalized effort aimed at the smaller sources that collectively contribute to the rest of the problem, if you like.

It is exactly the same thing that is happening in the United States. Any program we have ever seen of any consequence that has been suggested to Congress always has targeted up front a certain number of plants; whether it is mandating scrubbing at the 50 largest utility plants; setting an emissions rate for 107 plants in 18 states, as Mr Bush does; whether it is mandating certain reductions at the 20 largest sources as an alternative to the Bush plan, which might have been adopted by the President.

These all say, "Look, let's get a bite out of the biggies first, and then, as a second phase in this case, set an even more stringent emission rate." I think the rest of our attack on this problem after the large sources is going to have to be more generalized.

Mrs Grier: But that could include an overall capping, you are suggesting.

Mr Perley: It may. Depending on what impact we continue to see, it may be necessary to cap emissions at a permanent level and not allow any collectivity of sources in the province to go beyond that. It may be that necessary.

Mr Burrell: As a supplementary to that, regulation 308 has set itself the task of incorporating acid rain regulations and dealing with the acid raid program in the long term and for all the other sources. It is not as though we had to create something. Perhaps what we should look to is ensuring that regulation 308 proceed, because it has been a while, it has been several years.

Mrs Grier: It certainly has, and it is going to be another five years.

Mrs Marland: I wonder if I could ask Adele a question. This morning when Mr Rubin was here, he said that Michael and Adele should not have been negotiating in private in terms of the agreement between the Canadian Coalition on Acid Rain and Hydro. I wondered if you would like to comment on that.

Ms Hurley: I have not had the benefit of the transcripts from this morning, but I did not feel that the coalition's board of directors actually was negotiating in private, because it is a huge coalition. It has a board that represents 58 groups, and this was discussed through its executive.

Quite apart from that, an EA process is advertised in newspapers and you are invited to come in to make your point. This was something that took place over a very long period of time and that involved a lot of consulting with not just our own organizations but our outside consultants.

The terms of it were quite narrow. It was really the scrubber technologies we were permitted to look into. A regulation on Hydro had finally come about after many years of work. Then we had to come in here to the group of which you were a part, the select committee, and go through the banking provision. Then trying to get some control on how technologies could or could not be used just seemed the logical step when that came about.

1630

I do not feel that at any time there was a feeling of a closed shop. Energy Probe is not a member of the coalition; otherwise I think it would have heard more about what was happening. I guess it is one of those things where if you involve yourself in a process, you find out what is happening and it does not come as such a revelation to you or you do not feel like an outsider. If you are not involved and then hear about it, I think you sometimes feel, "Gee, why didn't anybody tell me?"

Mrs Marland: Your answer to Energy Probe would be that it really was not a private negotiation process.



Ms Hurley: How you keep these things private is beyond me with coalitions this size.

Mrs Marland: That is what I mean.

Ms Hurley: Yes.

Mrs Marland: Energy Probe is not a member of the coalition?

Ms Hurley: No. It was at one time.

Mrs Marland: I thought they were at one time.

Ms Hurley: They were, up until I think 1986 or so. There was some reason, a disagreement they had at the time, or maybe it was just availability of one of their staff people to attend. You would have to take that up with them. I cannot remember what the particular reason was that they were not involved in the coalition any more. I can remember why some groups were or were not on, but not that particular one.

Mr Burrell: Just on the process that takes place, the environmental assessment goes out for comment to any interested parties, to the public. The coalition responded to the environmental assessment, listing a number of concerns. They responded to the Minister of the Environment (Mr Bradley) and they responded to Hydro. Hydro responded to the coalition's set of concerns and the coalition responded to Hydro. Eventually Hydro moved to address the coalition's concerns about the environmental assessment. That is why the coalition decided not to maintain its call for a hearing.

Any other group had exactly the same process open to it and could go through exactly the same set of steps, namely, launch objections and get a response to those objections. There was nothing secretive about the process. It is open to all. Again, what the coalition was responding to was whether it wished to see the process go to hearing. The issue was, given what we had here on our plate to find in this environmental assessment, whether there was enough substance and enough disagreement around what was actually being proposed to take the time and trouble to go through a hearing.

The conclusion of the coalition, after sending the letters and going back and forth, was that the concerns were addressed. I think it is only responsible and appropriate, then, from the coalition's perspective, to withdraw a request for a hearing and not subject the public to unnecessary expense.

Mrs Marland: What you have agreed to now, then, is two scrubbers without hearings. Is that it?

Mr Perley: No, what we have agreed to pertains to limestone injection technology, which is a low-removal-efficiency technology; it is in the 50 percentile range of emission removal as opposed to 90 percentile-plus with the other technologies. Any time Hydro wants to use that limestone technology, it can only use it in certain circumstances, which we outline.

Mrs Marland: I see, in peaking and so forth.

Mr Perley: Right. The bottom line is that it cannot use it on base load plants. They cannot glue this technology on as a quick and dirty, as an afterthought, as a last resort. If they are going to scrub any of their base

load plants—it is hard to conceive of their being able to entirely avoid scrubbing their base load plants or some of their base load units—they are going to have to use a high-removal-efficiency technology on those base load units.

But if they do have units they only use for peaking, 25 per cent or less capacity factor per year, they can then use this low removal efficiency. It is a way of guaranteeing that the base plants get a very high level of emission removal, and thereby facilitate Hydro's meeting the objectives, along with the other things it is going to do, like using low-sulphur coal, policed emissions dispatching, conservation and whatever.

Mrs Marland: You talked about the negative impact of scrubbers. Is that because of the three or four different types?

Mr Perley: We had a bit of a problem with this, because we first looked at the areas in which we felt ourselves especially competent to deal with this EA. It was in the area of emission removal technology, and not quite so much in the area of what kinds of waste and how much were produced by which kinds of scrubbers.

But we were made aware, and we have known for years through our work in this issue, that scrubbers produce waste and that you can make wallboard out of it—some of this waste is gypsum—and that there were possibilities, in relation to one or two of the plants here in Ontario, of there being companies available to take its scrubber waste and make gypsum out of this. Also, we were aware that there are many other plants elsewhere in the world that produce no waste, because they take all the waste and make gypsum out of it. In other words, there is no negative impact on the environment.

When we looked at the representations made by the federal government, Environment Canada, on the EA, as we did the representations made by everybody on this, we saw they were very concerned about this. We talked a bit to them and talked a bit to a few other people who were familiar with this technology and found that indeed this was an opportunity where Hydro could not only install high-removal-efficiency scrubbers but that the end product could be virtually nil.

We also, though, looked at the fact that there was not any actual requirement contemplated for Hydro to force it to install zero discharge waste systems and therefore that some communities around some of the plants might well be exposed to the production of a fair amount of waste and the disposal of it.

We looked at whether any of the local communities objected, around Nanticoke, around Lambton. Nobody objected at all. So we asked: How can we raise this issue as an objection, as a coalition which represents a lot of Ontario residents but which does not have particular groups from the local areas, when the local areas are not objecting? It is something we might be able to mention from time to time, but it is not something that any of our members who had a local interest in the waste issue raised.

So we concentrated on the emission removal side, but are very aware of the fact that it would be possible to create a better or worse system here from the waste production point of view, depending on the kind of system installed. We wanted to simply raise that and hope that the committee and/or other bodies of the Legislature might pay particular attention to this as the process goes along, as scrubbers are announced. "This kind of scrubber is



going to be installed at Lambton." We would hope that the question would then be asked: Is that going to be a zero discharge scrubber, and if not, why not? and put the burden on Hydro to show why it should not install a zero discharge system as opposed to some system that is going to require a large landfill, which might be manageable, but it would be better to make wallboard and create some jobs rather than perhaps fill a landfill with scrubber sludge.

Ms Hurley: Can I just add something? Just to be clear, our involvement in this did not restrict anyone else's involvement there; anyone was free to go in if he so chose. Even if we had had some member groups that disagreed with us, they could have gone and done it whichever way they wanted to, because that often happens. Often what that means is that you get a richer process for that, rather than something that is watered down.

In this case, anyone else could call for a hearing; the minister, for example, or a ratepayers' group or another environment group. We try to stay on the air side of things, because as an acid rain coalition we are looking at NO<sub>x</sub> and SO<sub>2</sub>, and not get into too much of the sludge and water-based issues and things.

Over the years, for example, we have been asked to involve ourselves in the nuclear issue, nuclear versus coal versus whatever. The only basis we really have had—and I think most of us on the coalition agree—for staying together as 56 groups, I think we are now, over nine years is having agreed to stay on one issue. Once we switch off on to something else, we know we will lose 10 or 15 here or there, so our basic premise was always to get the big four done and then to work state-side and then do Noranda and try to come in as close to what the best scientists, in our view, are telling us on the air side of it.

I have to tell you that many days it has been frustrating that we cannot go over too far into the other areas. It is tempting, but we recognize that we will lose something else that we consider pretty valuable if we go off there; but that is not to say that many of these other groups cannot.

Mrs Marland: I am told there is a brand-new coal-fired generating plant on the south shore of Lake Ontario in New York state. I cannot remember the name of it, but it happens to be right opposite Darlington across the lake. Are you familiar with that?

Ms Hurley: I am not. Are you?

Mr Perley: I am not, no.

1640

Mrs Marland: You might have your staff look into it for you some time. I think it was opening in 1987. It is my understanding that it is the largest coal-fired generating plant on the continent. It was brand-new. The reason I was told about it was that it was the cleanest operation that generated electricity—of course it was using low-sulphur coal—and that everything in that plant was state of the art. The argument was the fact that it was exactly opposite Darlington, that it happened to be in New York state across the lake. I was curious to know whether you had heard about that.

Ms Hurley: No.

Mr Perley: Just one small addition to that: There are certainly

processes which allow very high emission removal and very low waste discharge. It is possible to build a very clean coal-fired electric power plant at this point. Certainly the Tampella process and others all allow this. With any new construction, it is quite possible to build a plant as you have described.

Mrs Marland: Just a final question: If we look down the road to permanent capping, another comment this morning by Mr Rubin was on the concept of emission taxing, which would be a form of enforcement. I think his theory, if I do not misphrase him, is that we are not going to get into conservation until it makes it worth our while to conserve, as it did when we were under risk of shortage of energy. Therefore, if it gets to be very expensive to have electricity, we will start turning off the lights, those of us who are residential consumers, and maybe even industry and commerce might, to use his words, use sharper pencils. It is kind of interesting. He felt this will not happen until we have a tax that makes it a requirement, just out of pure economics.

Mr Perley: I can think back to when President Nixon, who was the creator of the Environmental Protection Agency—That may surprise you; it certainly surprised me and continues to surprise me. His people at the EPA, Bill Ruckelshaus and others, in the early 1970s proposed a sulphur tax and just got blown out of the water because of the negative political impact the imposition of such a tax would have had at the time.

We have looked at emission taxes over time, the idea being an escalating scale so that beyond a certain minimal amount of emission, the amount you have to pay becomes so punitive that it is cheaper to clean up. If that is the target, to make you clean up, great. If the tax is simply levied so as to serve as a small sort of reminder to people—maybe not a small reminder—that, "Here is why you should conserve, because you can save five cents an hour on your lights," or something, it depends, I guess, on how much and to what extent the tax is used.

If it is used as a disincentive to pollute and is imposed to such a level that it makes cleanup cheaper, that is the end result we are looking for. I do not think we are philosophically opposed to it, but depending on how it is levied and for what purpose, it can be more or less useful, especially if we get to a point down the road where we find that 20 kilograms is not really doing the job for a lot of our ecosystems. It is not that we want to tax the burden that is still being applied there; we want to get rid of it. So as long as any tax, I guess, in our view, would be aimed at eventual elimination of the pollution, then fine.

Mr Charlton: On that point, I think what Norm Rubin was proposing, although he did not give us all the math on it, was in fact a per pound sulphur emission tax that was roughly equivalent to the cost to Hydro or other polluters of installing the technology to remove—

Mr Perley: What occurs to me is that if you have a rising and falling emission rate and demand forecast, then under one given scenario you would impose a tax at a certain level that was equivalent to the cost of cleanup, assuming a certain level of electricity production. If that decreased, you might wind up with your tax and no further cleanup or not enough money to really require cleanup at a lower rate of demand.

I would think for a flexible or a fluctuating emissions base, as Hydro's is, a tax might be a bit more of a problem than for a full-capacity industry which for the next X years plans on operating at a certain level and can be pretty well guaranteed to do that. That is just one thing that occurs to me.



Ms Hurley: I also think that some days when you are trying to get the marriage of the politics of these things and the economics to work, which is what you concern yourselves with all day long, the negatively driven thing versus the positively driven thing, where can you get that resolved but give it in a positive way where people can go out and make a decision on their own as consumers?

One of the things I find that is not coming up very often but was a lot more popular a few years ago, and I am not quite sure why it faded, is trying to get a better efficiency out of some of these appliances that we all use. I know consumers will—if it is a higher efficiency plus than a public education campaign, that gives you something you can go out and do on your own, try to choose something that is more efficient than something else. One of the things that you always read is the extent to which refrigerators are so inefficient.

Mrs Marland: You do not think the labelling of appliances is still working?

Ms Hurley: I do not think so. I am in this field and I have to admit that I am pretty dumb about this. I read and I try to stay abreast of it and I have a lot of publications crossing my desk, but if I am any indication, it is not working that well because I just—

Mr Charlton: The most efficient fridges are not available.

Ms Hurley: They are just not available to me, you know.

The Chairman: I think I will interject at this point, Adele and Terry and Michael, to say a very sincere thank you on behalf of the committee for coming before us today. I found your comments very pertinent and to the point, and the answers to the questions as direct. We appreciate your coming.

Mrs Grier: Mr Chairman, are they not allowed to give their opinion on what is happening in the United States or bring us up to date on some of that?

Mr Perley: We can give you a quick two minutes, if you would like.

The Chairman: Okay, that would be great.

Mr Perley: In capsule, President Bush's program is a 10-million ton sulphur dioxide and a 2-million ton nitrogen oxide reduction by the year 2000, the SO<sub>2</sub> part to be accomplished in two phases, about half by 1995 and the remaining half by the year 2000. It is in the form of a proposal. The legislative language creating a piece of legislation is expected to be completed in the next couple of weeks and sent up to the Senate and the House of Representatives for their consideration.

There are some competing proposals already in the House and there may be a major one in the Senate. So you may have the spectacle of three or four draft bills, of which one will be the President's, circulating through the committees. There will be a process of hearings and what is called markup, which is a clause-by-clause vote on whichever proposal garners the most attention in the House and the Senate. That could take weeks.

Then there will be final votes in the House and the Senate and they will probably emerge with different bills that each will have individually approved. There will then be what is called a conference committee, which is a

closed-door session which can last weeks where representatives from each body hammer out a consensus version. That bill then goes to the President for signature. If he signs it, great. If not, his veto can be overridden by a two-thirds majority in both the House and the Senate.

That whole process, by our best intelligence, will take at least into the early part of next year. We might be here at this time next year saying that the President signed the bill a few weeks ago. Just one other note: President Bush's proposals are all predicated on a bill being enacted by 31 December of this year. So if we stretch into next year, his targets may slip a year or so.

The Chairman: Good. Thank you very much.

Mrs Grier: Will you be there?

Mr Perley: Absolutely.

The Chairman: Our other presenters this afternoon are from Ontario Hydro, to continue a discussion we stopped a little early two weeks ago, I guess it was. Before we call them to the table, though, I would like to, because all three parties are present, do a couple of housekeeping things and make a report from the subcommittee relative to our endeavours over the next little while.

1650

#### ORGANIZATION

The Chairman: The subcommittee: First of all, the representation on it is Marion Bryden of the New Democratic Party, Al McLean of the Progressive Conservative Party, David Fleet of the Liberal Party and myself. David Fleet, Al McLean and I had a subcommittee meeting a couple of days ago, and subsequent to that, Marion Bryden and I had a further meeting. The outcome of this was a set of about seven proposals that I have taken the liberty of putting down in writing. They are on page 1 of a submission that has already been given to you.

What I would like to do at this point is read it into the record. We could dispense with that, if you would like me to do that, and accept it. I think that in number 5 we have to say "our public meetings," as opposed to what is there. Other than that, this is the information we need now ratified by the committee to continue organizing the work associated basically with Bill 119 and to get our budget approved by the Board of Internal Economy, which has to sanction it.

I would like to highlight two or three things in the budget, because the two things are interrelated. We have requested a pretty standard seven weeks for the year at the disposal of this committee. We have already used one week on the Aggregate Resources Act, and our thought was, partially because of time restraints in this downtime, if we used three weeks for Bill 119, that would leave the committee in the downtime in the new year to address its work for another three-week interval at that point.

We can always go back and get more time if we need it, but we feel, on the basis of the submissions so far, that we can do the job on Bill 119 in the weeks that begin 3 September, 10 September and 17 September 1989. We have affixed to the seven items here the breakdown of the 97 submissions we have received so far with respect to Bill 119.



We feel that in the letter we are going to be sending out to everybody we will indicate to them that, if the demand warrants it, if the final communications warrant it, we will do some travelling. Our initial thought was something in the order of four days, just to give you a guideline on what was discussed by the subcommittee. The reason we do that is that 64 of the 97 submissions so far are from around the Toronto area, and usually they come in the same sort of proportion.

Good luck with reading the budget completely. That is a standard budget for seven weeks, with travelling time, advertising, the whole bit incorporated, if you need it. We decided in committee, because 97 people had communicated with us, that we would rather not advertise unless the committee instructs us to do otherwise. We will be communicating in writing to all of the 97 groups or individuals who have already contacted us.

We thought we would cover the advertising in two ways; first, by item 6, where we will issue press releases to all of the local papers. Second, we are going to communicate with the Association of Municipalities of Ontario. Hopefully, if they want to represent the municipalities, they will come before us and present, and we will send a letter to each of the municipalities indicating that the opportunity is available.

I think basically everything in those seven points is covered now, except the fact that our suggestion is that umbrella groups that represent the province should get roughly 30 minutes of presentation time. For an individual who chooses to come before us and give us a written or an oral presentation, we think we should restrict him to about 15 minutes. Because of the numbers and the time frame we have, that seemed to be a reasonable kind of time allocation.

Is there any discussion about any of the items?

Mrs Marland: I respect the fact I am not a member of this committee and I am substituting because of the matter before the committee today. I also understand that one of my colleagues is a member of the subcommittee that I presume agreed with these.

The Chairman: Yes.

Mrs Marland: This happens to be a bill that was within my purview as critic at the time it was Bill 41, or whatever the number was when the Ontario Lottery Corporation Act came before the House previously.

I am very disappointed that there has been a recommendation not to advertise. I recognize that you have received requests from over 90 groups, but I think, in fairness, when a bill as important as the Ontario Lottery Corporation Act is referred to a committee, it would be a bit of a charade for the public not to know when it was coming and have an opportunity to be on that list. If that list grows from 90 to 180, you are still going to be able to schedule only so many if you are going to restrict those weeks, which is the intent of this report today.

This is not something that we discussed in our caucus, so I have not had an opportunity to discuss it and I did not know about it until this minute. I do not know how you are going to pick out of the 90 anyway but I do think it would reflect very badly on the government to refer a bill to —

The Chairman: No, our intention is not to pick anybody out. My understanding is that Mr McLean now is the critic in this area. Is this correct?

Mrs Marland: I do not know.

The Chairman: Is this correct? He is carrying this bill.

Mrs Marland: He may be, but how are you going to deal with the matter?

The Chairman: The purpose of coming to you today, after substantial negotiation with everybody involved, is to ratify the recommendation of the subcommittee. I really was not expecting this kind of a debate. You are going to have to bring that back to committee, because—

Mrs Marland: You do not want to discuss it?

The Chairman: We want to discuss it and take your input, but what I was going to propose was to read this into the record, seek somebody to move it and to vote on it today so that we can get going on communicating with the groups and doing the advertising.

Mrs Marland: Then I can ask the question: How do you do that?

The Chairman: Just a second, until I finish. The other part is that, in conjunction with what we are presently doing, the acid rain report specifically, talking to Mr Yeager, he tells me a draft report of this will be available for us for deliberation two weeks from today. Any modification to what we are doing here today could be effected at that time.

But what we want to do is to communicate immediately with the 97 people who have already talked to us since Bill 119 was given to this committee some time ago, and to get in touch with the Association of Municipalities of Ontario and get the wheels rolling, because we do not want to be caught in the same bind that we were caught in with the acid rain report when nothing was finalized until 6 June, and all of a sudden everybody is caught out because they do not have preparation time.

Mrs Marland: I have not finished.

Mr Charlton: Just a suggestion to try to facilitate both Margaret and the chairman: In the context of proceeding to get the wheels rolling, I do not see any problem with our dealing with all but item 2 today. Margaret can take her concerns about the advertising of this bill to her caucus and we can do the same if Ruth has any concerns, or whatever.

We are proposing to sit in September, so there is still lots of time to deal with the question of advertising, but dealing with the other items would allow the chairman to proceed, through the clerk, to make the other arrangements and to get the letters in the mail and so on to the municipalities, etc. I do not see why we cannot accomplish your purpose—

The Chairman: I have no objections to ratifying the items excluding number 2, if that is your only concern.

Mrs Marland: Number 3 is related. How are you going to select which groups out of the 90 from which you have already heard?

The Chairman: The point is, once you advertise that you are open for written or oral submissions, in my view you take them all. We may be finding ourselves in the position, when the House is sitting, that we are going on every Thursday hearing people from now until this time next year.



Mrs Marland: Let me tell you what happens in the real world. In the standing committee on resources development, which is dealing with Bill 162, the Workers' Compensation Act revisions, we advertised and we had requests, as you may have heard, from over 650 groups. We were able to schedule 315, I think, and we had great difficulty in only hearing from half. As you know, from time to time there were requests from the New Democratic Party members' motions that those public hearings continue.

Mr Charlton: Do not push them back too far.

Mrs Marland: But frankly, you cannot not advertise when the purpose of any bill going to committee is for the public process. I think it would look extremely bad for this committee, and particularly for the government, if it did not advertise that Bill 119 was before this committee and that briefs and deputations were welcome.

It is not going to be any more difficult to deal with any number over the number you can schedule in the amount of time you are talking about here anyway. But you cannot buy half the cake. You have to go the whole process. Therefore, if you are going to write to individuals and groups now to start inviting them—you are talking about seeing them in September, are you not?

1700

The Chairman: These people have already all communicated with us. We have analysed the submissions and most of them are umbrella groups, like the Ontario Federation of Symphony Orchestras. In our view, a very good cross-section has already been following Bill 119, and we will get a very good input from the cultural and recreation community on how it feels about it.

On the basis of that, I think we as a committee could come to some judgement as to whether or not the one clause in the bill is satisfactory or not. Quite frankly, as the chairman, I feel very strongly that the advertising dollars associated with this particular bill are in no way the same kind of expenditure as for Bill 162.

I really feel what we are doing is spending more than \$20,000 of taxpayers' money without justifiable reasoning, because I think we have already got enough input in writing from enough groups to make a lot of judgements, if we look at those submissions that are there in writing already. That is my view as the chairman.

Mr Faubert: I think Mr Charlton has made an eminently sensible recommendation. I would be prepared to move 1 to 7, exclusive of 2—I think that is what your intent was, Brian—and that this be considered at the next meeting, have some input and caucus on that and that we also adopt the budget—we need a motion on that—as attached.

The Chairman: Is there any comment on the motion put by Mr Faubert, because this is what has been agreed to by the subcommittee, basically, except for number 2 being included. Any further comments? Is it agreed then that this motion will carry?

Motion agreed to.

Mrs Marland: Excuse me. Have you just voted on Mr Faubert's motion?

The Chairman: Yes.

Mrs Marland: Well, I do not think that is fair; I had not finished.

Mr Faubert: You have to pay attention.

The Chairman: Margaret, I said, "Is there any further comment?" three times about the motion. I am sorry. I just thought you were talking about some aspect of—

Mrs Marland: We were. We happen to be the two other parties on this committee. What I would like to know, as it pertains to item 3, is if the chairman is going to write to inform the individuals and groups that have contacted the committee that they have the option of an oral or written submission and that the groups be given a certain time, as you alluded to here, if you get responses from more of the 90 groups that you have already contacted that wish to make the oral presentation than you can schedule, how will that be done?

The Chairman: It is going to be sequenced after and we are going to need more time to do that.

Mrs Marland: Okay. So I can take item 2 back to my caucus. You have approved everything except item 2?

The Chairman: Right. That is my understanding.

Mrs Marland: Okay.

ACID RAIN ABATEMENT PROGRAMS  
(continued)

The Chairman: My apologies to Ontario Hydro for keeping you waiting. If you would like to approach the presentation area, I would appreciate it. Welcome once again. I think the folks at the table—Mr Niitenberg, Ron Taborek and Carole Burnham—are the same three. Were there four last time?

Mr Niitenberg: No.

ONTARIO HYDRO

Mr Niitenberg: We are returning here to answer the few, as it was termed last time, outstanding questions.

The Chairman: I think Mrs Marland specifically requested a continuation of a question she was partway through, so I will begin with her.

Mrs Marland: I think one of the focuses of these hearings, now that we are halfway through 1989, is to try to ascertain, with the reports that we have had from Hydro, where we are going to be realistically with your long-range forecasts after 1994.

I have not looked at Hansard so I may be misquoting you—please correct me if I am—from the presentation when you were here before, but it seemed to me that you said it is difficult to forecast the future, that your long-term load demands are something you work with, but it is not state of the art or whatever connotation you put that response into.

My concern is that I have had confidence that Hydro was able to schedule its long-term load demands. Therefore, around that information, I would have



thought Hydro had the sophistication to plan for them and then also, as an arm of that, to plan for what was needed to balance the environmental protection. You said too the last time you were here that you had been out in your demand supply. What is the terminology you used?

Mr Taborek: I think you are referring to our load forecasting.

Mrs Marland: Is that what you call it? Yes.

Mr Taborek: We are getting considerably more growth in electricity demand than we had anticipated.

Mrs Marland: I was surprised to hear you say that. That being the case, where does that put us down the road in the next decade, if we have had some difficulty in this past decade?

Mr Niitenberg: I think we are mixing some context. What I said, and I stick by that, was that we are unable to accurately foretell the future. But we do flexible planning scenarios and we have been able to meet the increased loads and the regulations and the reason we have been able to do that, as was stated by my colleagues, is that we use scenario planning and flexible approaches to limiting our acid gas. We do not depend on any one method, technology or approach. We blend all of those in, and as the conditions change and as load growth increases or decreases, we can adjust it to meet the regulations cost-effectively.

We have presented plans to meet the regulations as they stand right now. When regulations change, and undoubtedly in the future they will change, we will address that again. But right now it is going to be more and more difficult as we go past the middle 1990s to meet the requirements. Therefore, we have put the scrubber program, which is quite flexible and foresees an installation of four scrubbers initially and then possible additional scrubbers, and the question of what we can get from the demand side and what new supplies are required past the 1995 era, which will be addressed in the hearing on demand-supply projections. There is nothing we could install right now from the supply side for modification that could come in in 1994, let's say, except possibly gas turbines.

Mr Charlton: Just on this question of the load forecast and Mrs Marland's question about increased growth over the last four years, I guess, during our hearings in the select committee on energy last fall, although Hydro put on the record very clearly that there has been increased growth beyond its expectations in the last four years, at that point, in September it was Hydro's view that the overall package in the load forecast still stood and it stuck by the end line. Is that still the position?

1710

Mr Niitenberg: That is still correct, that on the longer planning horizon it is not going to be sustained at four per cent plus.

Mr Charlton: Then a clearer response to Mrs Marland's question, in addition to what you talked about in terms of flexibility, is that what is happening now is a blip that will, over the course of the entire load forecast, find its way back to the centre.

Mr Niitenberg: It will moderate, yes, and if you study the business cycles, undoubtedly boom is going to be followed by a recession and that undoubtedly will straighten out the load growth.

Mr Charlton: I just did not want members of this committee to get left with the impression that because things were off whack for four years, we were going to be way above target at the end of the planning period.

Mr Niitenberg: No. We are adjusting load forecasts by about a one tenth or two tenths of a percentage point, nothing significant.

Mr. Taborek: Let me add to this point using an analogy from another field, not electricity planning. There is a proposition I would like to demonstrate, that if you plan based on the belief that you know the future, you will probably fail. If you plan based on the understanding that you do not and that you have to adapt, you will likely succeed.

The analogy that occurred to me is an airplane flying across the sky in a waving pattern and you are attempting to hit it in some way. The way you would to it in one option is to say, "Well, it is at 30,000 feet and 300 knots, travelling at 200 degrees," and you would say, "When I fire, I have to fire so far ahead and I know it will be there, and so I will fire and the airplane and the projectile will continue predictably forward. They never do and you miss. You miss every time. The chance of success that way, by basing your actions on the fact that you know where something is going to happen in the future, is near zero.

It is actually very easy to hit targets like that that move unpredictably. The way you do it is you say: "I have some idea. I think he will be over there, but I really do not know." What you have to concentrate on doing is incorporating sufficient manoeuvrability and quick decision-making into your projectile so that it can follow the changing scene. In effect, that is what missiles do. So you send your missile off in the direction you think things are going to happen, and that is what plans are for, but what the missile does is that it watches the changing circumstance and it adapts. The more manoeuvrability or flexibility you put into that missile, and the faster it can respond, the higher your probability of success.

Interestingly enough, the difference between failure and success is acknowledging whether you (a) know what is going to happen in the future or (b) do not. Just plain logic and common sense says you do not. Plain logic and common sense says plan for flexibility and fast response.

That is really the way we developed our program. Hydro is not chasing airplanes, of course. I used that because I used to be in the aeronautical business. What Hydro is doing is chasing the load forecast. Mr Charlton, what we have told you is that the load forecast jinked left twice. Is it going to jink back? We think so. Do we know for sure? No.

Mr Charlton: We are going to help you do that.

Mr Taborek: Indeed. Should we have flexibility to respond if it jinks in either direction? Yes. Otherwise, we will fail in meeting the target we have set for ourselves. Should we believe people who say, "I know that in the year 2000 this"? No. Would it help to have a public hearing before you fire the gun to decide: "The airplane is manoeuvring there. Should I aim here, there or the other place?" No.

Mr Charlton: It is a particularly good analogy you have used too in the chasing of the airplane, although Hydro is not, because what you have described is precisely what it used to do. Now they just put a big enough warhead on the missile to eliminate the variations.



Mr Taborek: No. You put the manoeuvrability and the speed of response into the program.

Mrs Marland: If I could get back to my question, with respect, I am not really interested in the war games. I know there has to be flexibility, but what I am interested in is that when that blip or that flexibility occurs, the environment is protected. What I am not at all confident in is the fact that when we are suddenly in the middle of the 1990s and we have to fire up all our coal-fired plants around this province that do not have scrubbers on them or alternative technology that will protect the environment, where are we?

It is interesting, because when you look at this headline about Darlington, and bear in mind that I am not opposed to nuclear generation, I am sure you are going to tell me that \$900 million that is added to the cost of Darlington was not planned for. I presume it was not planned for.

Mr Taborek: That is correct.

Mrs Marland: When I look at that \$900 million and I think about the price of scrubbers, with that kind of overrun on Darlington as an example, that is a little blip in your overall operation and financial planning of Hydro, but that has to go into the melting pot and be turned around in the stew with everything else, and what comes out is what is affordable for Hydro at the end.

What I would like to hear Hydro say, if you cannot accurately foretell the future—there is a step back from that. There is, with all the brilliance of economists and actuaries and everyone else, a way of forecasting the future to a degree. If you look at where the demands are for electricity in Ontario, you might even look in the city of Mississauga or the city of Brampton, two high-growth areas, and talk to the people there, they will tell you approximately where they will be with their industrial and commercial growth and their residential growth. Considering those are growth areas in this province, it may not be an exact science to say where they will be in 1994, but they certainly could ballpark where they will be. I would rather hear that that is the way you are planning.

It is always interesting, because we keep coming back to the cost factor and what people are willing to pay. An interesting point that Mr Rubin made this morning that I know you heard, Dr Burnham, was that people are not going to conserve until it gets so expensive. I can give you an example, because the last I recall living in England, when electricity was so expensive, we just did not dare leave our lights on, going back to even when we were children. I think there is a big responsibility on Hydro here in a number of areas, not the least of which is the education about conservation.

But I seriously want to get back to the fact that when you look at your charts and see how you are complying with the Countdown Acid Rain program as the requirements are today until 1994, and they are going down, as was pointed out this morning, there are still lots of emissions there and a lot more emissions than there were five or six years ago in terms of the overall production of electricity in the province.

If you are looking at the fact that more electricity is going to be needed, the percentage of emissions is reduced in terms of the overall volume compared to what it was prior to 1980, the same amount of product in 1980 created so much in emissions and the same amount now creates less, but it is a catch-up situation, because as we increase the demand, therefore we increase the emissions, not on the product but on the overall total.

I do not see where Hydro has the answers on what its commitment is to deal with that after 1994.

1720

Dr Burnham: Our emissions will stay the same.

Mr Niitenberg: I think you are misinterpreting a lot of data. First, I would like to make just one comment. Mississauga is a very high-growth area and we factor in estimates of all the municipal utilities. Mississauga has been growing a lot faster than it anticipated and it is scrambling to catch up. None of us has the corner on accuracy. If you would like to go back and review those figures, I think they will bear me out.

The second one is that not only are the percentage emissions being reduced and lowered while we are providing more electricity, but the tonnage, the absolute value going up and being emitted by us, is also being reduced. The regulations demand that. It is not on a unit-product basis. It is the total emissions, while keeping the lights on. It is an absolutely erroneous conclusion that somehow or other emissions are going up. It is just plain wrong.

Mrs Marland: Were you here this morning when Mr Rubin used your own charts to illustrate that?

Mr Niitenberg: Mr Rubin can use all kinds of charts to illustrate. No, I was not.

Dr Burnham: Perhaps what Mr Rubin was suggesting was that our forecast of acid gas emissions that we presented in our report might be different, because since we presented our report our load forecast has changed and we are predicting more use of coal generation, and perhaps he suggested that as a result of that our acid gas emissions would not be what we are projecting.

In fact, the acid gas emissions for the years 1991 through 1994 will be slightly higher than what we forecast. Today's forecast of what they will be is slightly higher than what our forecast was six months ago, but it is still below the limit and it is still below the emissions we were discharging in the 1980s.

Mrs Grier: Right. Given, though, the change in the forecast that is illustrated by your own charts for 1990, are you at all concerned that similar changes might occur in 1991, 1992, 1993?

Mr Niitenberg: I am very much concerned because 1990 is a very tight year. The regulations go down and the load is still growing. I do not think it is going to moderate. It is going to moderate over the next 10 to 15 years, as we project. Nineteen-ninety is going to be a tight year. We are going to have to use all methods at our disposal in meeting the regulations and we have set up the plan to do it.

Mrs Grier: I have some other questions.

The Chairman: Mrs Marland may not be finished.

Mrs Marland: It is interesting when you say you have set up a plan to do it, yet when you were here last week, and again today, you said it was something you could not forecast.



Mr Niitenberg: I will try to run through this once again. I said we cannot forecast the future accurately. Therefore, we have to revert to flexible scenario planning and say to ourselves, "If this happens, this will be our response to meet the regulations." This company has a plan to meet the regulations. Depending on what the load growth is, the components of the plan will be a different mix.

Mr Taborek: You have complimented us, Mrs Marland, on the fact that we have some talents. Our talents are not with respect to predicting the future; our talents are with respect to lining up options to meet changing circumstances. That is what makes a talented planner.

We fully expect that the load forecasts will change, that nuclear units will do things, that water levels will do things, that energy markets will do things, that hearings will take longer, whatever. We basically sit down and say, "What if?" Then we line up a response and we deploy those as needed. That is skilful planning. Guessing the future is not planning; it is self-delusion.

Mr Niitenberg: I would again stress that in the planning, and Mrs Grier has highlighted it, 1990 is a tough year. There is no question about that. That is where two pinch points close in on you. The load forecast is still high and the regulation is coming down.

Mrs Grier: Can I try a "what if?" What if there is not another nuclear plant? What is your contingency plan?

Mr Niitenberg: For 1990?

Mrs Grier: No, for beyond.

Mr Niitenberg: It would not matter. We did a demand-supply option study in which the nuclear plant could not be in operation until the year 2000 anyway. At that point, then, there will have to be tradeoffs made in a public hearing process on a plan which we expect to file this fall.

Mrs Grier: Would one of those tradeoffs be that by the year 2000 or whatever, you would not be meeting the level in the regulation?

Mr Niitenberg: No.

Mrs Grier: So you will continue to meet that regulation?

Dr Burnham: Our plan includes the assumption that we will have to at least meet this regulation.

Mrs Grier: And if that regulation were revised downwards?

Dr Burnham: We are looking at an assortment of plans, some of which have more flexibility to meet a more stringent regulation than others. Those will be discussed fully in public during the demand-supply process.

Mr Niitenberg: But for the year 2000, it would very much depend on what the ingredients are in addition. We cannot carry the projected year 2000 load with the generation resources we have right now. We probably could not carry the 1997 or 1998 load without making some modifications. For that reason, when you finally end up that your options are to add additional scrubbers to the coal-fired units, for every scrubber you add, you remove more sulphur dioxide and allow it to generate a little more electricity.

But every additional one will be less effective in terms of acid gas reduction and will be higher in cost, because utilization goes down. If you are asking what we would do with these generating resources in 1990 if there were nothing else, we would have scrubbers on them all and we would meet whatever load we can meet. We certainly could not meet all the load. So there you would get automatic conservation, because power just would not be available.

Mrs Grier: Your target date for scrubbers on them all is what?

Mr Niitenberg: There is no target date for scrubbers on all.

Mrs Grier: That is part of the mix?

Mr Niitenberg: That is part of the mix.

Mrs Grier: What you are saying to me is that when the demand-supply options study is revealed, it will contain a description of the tradeoffs. In other words, it will say: "If we build a nuclear plant, here's the level of emissions we can meet. If we are not allowed to build a nuclear and we have to do something else, here's the level of emissions we'll be able to meet."

Mr Niitenberg: No, I think it will turn around and say that the regulations indicate that we will have to meet this level of emissions. If we have a coal system, that is how we would do it and that is what the cost would be. If we have a mix of hydraulic, nuclear and coal, that is how we would meet it and that is what the cost would be. It makes a basic assumption that we meet the regulation.

Mrs Grier: I am also prepared to make the assumption that you meet the regulations in 1994. What I have been trying to get from these hearings is where we go beyond 1994. What I think I am hearing from you is that DSOS is the instrument, that the two are inextricably linked. Would you agree with that?

Mr Niitenberg: Yes.

1730

Mrs Grier: Then what does DSOS have to tell me in order to assist me in getting beyond 1994? What kind of information has to be contained in it in order for me to evaluate, when I look at DSOS, not just the energy requirements but also the environmental implications?

Mr Niitenberg: First, I would expect it, although I do not have anything to do with it, to include various options in meeting various growths in areas and the cost and the environmental impact of these options. The tradeoffs, I think, would have to be done in a much broader arena than we normally plan.

Mrs Grier: But will I have in DSOS the data required to enable me to make an intelligent tradeoff and to say, "If I want to get down from 215 to 150 by the year 2010, this is what I am going to have to do"?

Mr Niitenberg: I could not make that judgement.

Mrs Grier: How do I ever get at that data, then?



Mr Taborek: Studies cannot answer all the questions. To be relevant, there has to be some focusing. To answer that question, one should go through a process roughly as went through and worked with the development of this regulation. What one should do is set the deposition limits required; one should do the modelling, like the ministry fellows did, as to: Given various costs for various options in various geographic locations, what is the least cost pattern to meet that? Targets are allocated and then a request is made to the different people to look at how that might be done, just as was done now.

Mr Charlton: Can I have a supplementary on that? That goes back to the question I was raising with you last time you were here. I will just try it again. What it seems to me you are saying to us is that the sooner you know from the Ministry of the Environment what its targets beyond the present targets for acid gas emissions will be in phase 2, the sooner you know those secondary targets the better it will be for your planning process.

Mr Niitenberg: Yes, but it also has another dimension. Before setting a new target, one should also know what the consequences are and the costs.

Mr Charlton: Right. What I was trying to get at in that question, though, was—

Mr Niitenberg: And I hope that this would be part of the public discussion and debate on the demand options—

Mr Charlton: That is exactly what I was trying to get at in the question, that if Ontario Hydro completes the planning of the demand/supply planning strategy before the ministry gets to conclusions on phase 2, it could cause some problems in your system.

Mr Taborek: The ministry could not conceivably do a reasonable analysis in the time before we issue the demand/supply plan. I would be quite surprised if they could go through the process before September.

Mr Charlton: You are going to issue a preferred plan this fall, which is going to go through a period of consultation in which it could be then amended to take into account things the ministry comes up with.

Mr Niitenberg: Surely the legislators, such as yourself, as well as the ministry, would like to know what the options are and what some of the consequences are in picking a number.

Mr Charlton: Of course. What I was trying to get at was an emphasis for the Ministry of the Environment, that it cannot leave very much longer the discussions of phase 2, because it has to fit in with one of the major players' planning process, which is yours.

Mr Niitenberg: Again, I want to stress the point we were trying to make before. By choosing one of the options, it does not lock you into a number such as 215. By modifying the mix and strategy you can adjust around it. You cannot make quantum changes. The mix would be different if you were saying, "Emissions shall be zero," in which case you would have a radically different problem than if someone said, "The limit now is 200, rather than 215."

Mr Charlton: That is a fair comment. I guess that is why it is important, though, that the Ministry of the Environment start considering what

phase 2 will look like and what kind of time frame phase 2 will have on it in conjunction with the other planning processes that are going on. Is that a fair comment?

Mr Niitenberg: Yes.

Mrs Marland: I realize we do not want to spend all of the little time we have on the scrubbers, but you are going to require these coal-fired thermal units for your peaking no matter what the ministry says and no matter how much growth there is. Could we agree on that?

Mr Taborek: Yes.

Mrs Marland: So if you are going to require the coal-fired plants around this province even for peaking, are you happy that you are not planning to have scrubbers on all of those plants by the year 2000?

Mr Niitenberg: We agreed at the last session that we needed coal-fired units for flexibility, specifically for peaking. I think we also went on record saying that the number of scrubbers is a function of the use of the coal-fired plants as well as the regulations. Therefore, our happiness has nothing whatsoever to do with it; it is an operating decision of how to get the most cost-effective sulphur removal.

Mrs Marland: I understand that, but I am talking about the cost-effectiveness of preserving the environment. I know it is all related to what is cost-effective, but what it comes down to is that somewhere the public has to have the opportunity to say: "We're concerned. We're willing to pay more." That has already happened. You have said somewhere in your report that you find the public is willing to pay more for electricity.

There are two things about that. If the public is willing to pay more—and we have talked about this before, but we never seem to get it finite—it would be great if Hydro would increase—I have your rate forecast impact here and I think by the year 2000 you are looking at 2.8 per cent. The point is, whatever the figures are, it would be wonderful if Hydro would say, "Look, we'll put whatever that converts to in dollars into purely environmental protection," ie, the building of scrubbers or any other modifications that come along with technology.

The figures are here about why you put them on Lambton. You are saying that one scrubber on Lambton could have removed, just in this last year, 3.75 times more SO<sub>2</sub> than one on a Lakeview unit. That is 1988. Admittedly, say in 1994, there is still going to be more SO<sub>2</sub> coming out of Lambton than there is out of Lakeview, although I guess it is in 1994 that it gets its scrubbers. You cannot be happy about what is still coming out of Lakeview even though it is 3.75 times less than what is coming out of Lambton.

My concern is that I think Hydro is not planning, except with a very narrow vision, about the obligation to the environment. I realize you are trying to plan from all perspectives, but I do not think you should be saying: "It's only going to be peaking. They're not going to be used to capacity; they're not going to be used all the time." I really think you should be planning to have scrubbers now, because it takes so long to get them and because they are expensive.

Mr Taborek: We are. We applied for environmental approval to put scrubbers, if required, on all our major stations, Lakeview included,



Nanticoke and Lambton. Much of the meeting here was saying: "Don't give them approval to do that. Only let them put two on." It is not we who are not planning, it is other people saying, "Don't let them put scrubbers on; make them do demand management."

1740

One of the uncertainties we are preparing ourselves for is changes in the regulation or any others. That is why we have said that if the approval is not given, it is at least three years longer, if you have to go for every scrubber you look at, if you do not have this kind of approval. We are trying to do what you are asking us to do.

Mrs Marland: I am not asking you to do it without an EA, though.

Dr Burnham: But we have done an EA.

Mr Taborek: We have gone through an EA. We are just completing an EA; public consultation every step, every i dotted and t crossed, all the way through. We have just come through it, or hopefully we will come through it soon. But we cannot clean emissions and go through hearing after hearing for every scrubber.

Dr Burnham: Does this committee want copies of this environmental assessment document? We submitted it to the ministry in February 1988. We would be pleased to send copies to all of you if you would like, or we have a summary document of it.

Mrs Grier: I think we tend to confuse an EA and an Environmental Assessment Board hearing. We know you have done an EA. What is not going to happen is a hearing at which options can be canvassed and examined by other parties. As far as I concerned, we do not need to see the EA. I know it exists and what it says. What I think needs to happen for scrubbers is that alternatives to scrubbers be canvassed in an open forum, and that is what has not happened.

Mr Taborek: But that would not be done in an EA on scrubbers.

Mrs Grier: It depends upon how the terms of reference are framed.

Mr Taborek: What you are asking for is a public hearing on the demand/supply plan.

Mr Charlton: That, too.

Mr Taborek: Indeed, and there will be, I understand.

Mrs Grier: I am asking for a hearing on how best to reduce acid gas emissions from Hydro. As you say, that may be nuclear; it may be scrubbers; it may be demand management.

Mr Taborek: Do you want to guess how much demand management there is going to be in the year 2000?

Mr Charlton: No, we do not want to guess.

Mrs Grier: We want to know. We want you to do the studies that will tell us.

Mr Taborek: You want a forecast.

Mr Charlton: We have been telling you that for at least three or four years now.

The Chairman: We are going to be hearing a bell fairly soon, I think, because there are some votes this afternoon.

Mrs Marland: I will let Ruth go. I will ask you some other time about fossil generation or your suggestion of reducing or changing the shift loads. That is something I do not think we have discussed either.

Mrs Grier: I just want to explore a mechanism for post-1994. Some of you heard me discuss with the Canadian Coalition on Acid Rain and others Countdown Acid Rain 2 or regulation 308, which was the suggestion from some of the other people. Does regulation 308 or its current equivalent apply to Hydro?

Dr Burnham: Yes.

Mrs Grier: It does. I have since been reminded that regulation 308 is about rates of emissions as opposed to loadings on an annual basis. I do not know whether it is an appropriate mechanism, but I wonder what your suggestion would be for a mechanism, about how we go forward. Do we treat you differently, look at you and set a regulation rate that applies just to Hydro? How would you suggest that it be handled?

Mr Taborek: I think my previous answer applies here: as you did it the first time around, in the phase 1 Countdown program. That worked; I thought it was quite a good way to do it.

Mrs Grier: Can I turn to another topic? We went over with the coalition its agreement and negotiations with you. I guess that process bothers some of us slightly. What role did the ministry play in those negotiations, from your point of view?

Mr Taborek: First, they passed the Environmental Assessment Act, which positively insists that you communicate with people through the process. If you fail to talk to people and attempt to resolve their concerns, then you are contravening the spirit and probably the letter of the law. It is a legal obligation on us to do it.

Having done that in the discussions with the coalition, it so happened that all of the discussions were in writing. I certainly copied all of our paper and I believe the coalition copied all of its letters to both the Minister of Energy (Mr Wong) and the Minister of the Environment (Mr Bradley). They followed blow by blow—I guess that is not a very nice analogy; maybe I should shift to airplanes—flight by flight every step of the way.

Mr Charlton: What they said started out blow by blow.

Mr Niitenberg: The agreement really focused on clarifying one process for one application.

Mrs Grier: But do you feel that correspondence with the coalition, however broadly based, however knowledgeable, however articulate on this issue, is an appropriate interpretation of the act for widespread public information and dissemination of information?



Mr Taborek: Oh, what we went through, before we even submitted the EA, we went into preconsultation with all the groups, including Energy Probe and all others. With the preconsultation, we then began to draft the document. This is now three years ago. Taking 18 months to draft the document, we consulted during the drafting of the document with all the interested parties. We set up advertisements; we set up information groups; we did everything. We called groups together to meetings.

Having completed the document and given it to the ministry 18 months ago now, the ministry officials then circulated it widely, first of all through government, and assuring themselves that it was a satisfactory document for public release, they then advertised. The advertisements were broadly spread and they invited public comment.

They then received public comment and the process then was designed to have the parties get together and attempt to resolve the comments, if they could. We did that. We followed the spirit, the letter and every step of the process and the law.

Mrs Grier: Did you get together to attempt to resolve the issues with all of the objectors or all of the requesters of an EA, or only with the coalition?

Mr Taborek: There were three requests for a hearing and one request for conditions. When I looked at the three requests for a hearing, one was from a company that really wanted us to use its scrubber and we said, "No, we can't do that."

Mrs Grier: I do not disagree.

Mr Taborek: There was really no point in talking to them.

Mr Niitenberg: We could never have them built.

Mr Taborek: The second request was, interestingly enough, from Energy Probe. When I looked at that, they wanted to have, in effect, a demand-supply hearing in a scrubber hearing. We said, "Hey, this is permission to use scrubbers, if needed, and there is going to be a separate demand-supply hearing."

I go back to the fact that we are incorporating manoeuvrability to face whatever comes out of that hearing. We had talked to them and there was really no way we could come to an agreement, which left two parties.

One was the coalition, which said, "We don't like the idea of your attempting to put low-efficiency scrubbers on highly utilized stations." We said: "As a matter of fact, neither do we. We think your concerns are quite justified. We won't do it." They said, "That's not good enough; we want it in writing and in legislation." We said, "Let's jointly write to the minister and say 'Please incorporate in your approval conditions that....'" We said, "However, we reserve the right to use them (1) on peaking units and (2) because they are fast to build if we get in trouble." We are back to this manoeuvrability-flexibility thing. They said okay, so we agreed.

Mrs Grier: You surely would not have got to that point without an understanding that when you reached an agreement, if you reached an agreement with the coalition, the minister was prepared to incorporate that agreement in order to give it some status in his exemptions or approval.

Mr Taborek: I had no assurance that would happen, but it seemed to me a reasonable thing for people to do, so we did it. It would be totally unreasonable of us to have refused the coalition's request and I would suspect it would be quite unreasonable of the minister to say: "Good. I'm glad you agreed on that, but now we're going to have a hearing."

There is one further party. The federal government did not want a hearing. What they wanted to do was discuss technical conditions, so we met with them and we discussed the technical conditions. I anticipate that our approval—and I am anticipating a complete approval; we will get the manoeuvrability that we want—will have some of those conditions in it. With that we were able to resolve it. I thought we could reach agreement with two of the four parties, but I did not think the other two could have agreed with us.

1750

Mrs Grier: Explain to me, although maybe you have already done it, how the terms of reference for the EA, which were limited to technological considerations, were established. It would seem to me that when you are looking for approval of a way in which you are going to meet a regulated limit for acid rain under the Countdown Acid Rain program, there would be a variety of ways of doing that. You selected one—ie, scrubbers—and looked for an EA on that.

Mr Taborek: No.

Mrs Grier: Okay, set me right.

Mr Taborek: We picked 100. Our document that we submitted to you, our acid gas control plan to government, says no one option by itself will do. Many are being used now and most will be used in the future. If you phrase our EA a little differently and translate it into plain language out of the legalese, we are saying: "We have a tough limit. We have a changing world. We think it quite likely we may need some scrubbers. When we need them, we are going to need them fast. Could you please now check out the fact that these kinds of scrubbers are okay to put on those kinds of plants? When the time comes that we decide to put scrubber A on plant B, we'll come back and give you the details of it and you can check that out then."

All they are saying is that any of those four scrubbers can go on any of those three plants when you need them. It is only one of hundreds of options.

Mrs Grier: So when you need them, would they be evaluated in comparison to other options?

Mr Taborek: Yes, that gets done every year. We produce a new plan every year.

Mr Niitenberg: But the evaluation is done in the overall context of how much coal plant usage we are going to end up with. Given the fact that we are going to end up with some coal plant usage, we are then going to have to apply scrubber technology to the coal plant. The coal plant usage is the residual of all the items.

Maybe another way of saying this is that what we stated in that document was, if going through all the other steps such as demand management, energy efficiency and purchases that are cost-effective, we have to use more coal,



then we obviously need some way of reducing SO<sub>2</sub> emissions. Therefore, we should have some technology.

We reviewed the various scrubber technologies and said, "For our operation, these four appear to be appropriate." Three are appropriate for base load, one for peaking. We put those in. The hearing or the review by the ministry could have come out that only two were appropriate. But we have done a lot of homework on it and these are proven technologies.

Dr Burnham: I think you are getting into what the definition of an undertaking is for an environmental assessment and whether plans or actual projects can—

Mrs Grier: Program versus—

Dr Burnham: That is right. In fact, it was our interpretation of the definition of an undertaking that it is a large enough change to an existing station or an additional station that requires an environmental assessment and not a plan. I am not sure of my facts on this, but I do not believe a plan is a proper definition or fits into the definition of "undertaking." That really is where we are at.

Mr Charlton: I would like to put what I think Mrs Grier was trying to get at in a slightly different way, so it is clear on the record. I do not want you to comment on the blatant example I am going to use in terms of its feasibility, because I am going to use a blatant example so that everything is clear.

If, after you have released your preferred plan this fall and we have gone through the review process, including some kind of hearing process, and before the final approval of that preferred plan the demand management portion plan were tripled, then it is unlikely that you would ever be in the position in the foreseeable future to have to put scrubbers on every coal-fired unit, even though you have the environmental assessment approval to do so.

Mr Taborek: Yes. Here is an example for you to comment on: If it were tripled, we would not need any scrubbers. I would ask you, would you like me to withdraw my request for approval to put them on, or would you like me to keep that approval just in case you do not get the tripling? That is the point

Mrs Grier: Okay, but instead of the tripling of demand management, you could get Darlington 2. Where do I get my preference for tripling demand management as opposed to Darlington 2?

Mr Taborek: That is the demand-supply plan. But as the acid gas planner, if somebody tells me that Darlington 2 is going to be here on 22 February 1990, I am not going to believe him. I am going to say, "Give me my scrubber EA."

Mr Charlton: It is 2006.

Mr Taborek: Or whatever, pardon me.

Interjection.

Mr Taborek: Exactly, that is the point.

Mr McClelland: Okay, I guess we have a couple of minutes. Either I

was prophetic or Mr Taborek and I consulted on this. When Ms Hurley was speaking, I made a couple of notes in response to a number of things that have been raised over the past few weeks. As parliamentary assistant to the Minister of the Environment, I just want to make a few comments. I had in my notes that I read a book not too long ago called Success is a Moving Target. I thought my comments would be appropriately entitled as such, at the risk of being presumptuous enough to put a title to them.

I simply wanted to say on behalf of the ministry that we have appreciated the input of not only Ontario Hydro but the other people who have been here over the past few weeks. It has been very useful. Comments have come up from time to time about what we will do post-1994.

When Mr Giles gave testimony two weeks or so ago, he fairly clearly set out that we are monitoring on a consistent basis. As I refer back to my little title of Success is a Moving Target, our targets may well be adjusted downward. We feel that we are going to be evaluating available technology on an ongoing basis, as has been said by our friends here today.

We at the ministry are very much aware of that and share that philosophy. We feel that we have a primary obligation to ensure the integrity of our environment. We will be looking at what is happening in the United States. We will be looking at what happens in other jurisdictions in Canada and with other sources of emissions in our jurisdiction.

I want to say to my friend Mr Charlton, who is here, that we have very clearly turned our minds to phase 2 and we will continue to monitor with a view to ensuring that the targets we set as we go into phase 2 will be what we believe are realistic and yet challenging and, above all, meet our responsibility and our mandate at the Ministry of the Environment to ensure the integrity of the environment for generations to come.

I could say much more, but our time has gone. I just want to say for the record that we very much appreciate the input of all people, all the delegations that have appeared. I again thank our friends from Ontario Hydro for their assistance in this process today.

The Chairman: I guess coming back was a good idea, Ontario Hydro, because you got the thank-yous for all the groups that have been here for the last three weeks. That is appropriate, I guess, since you have been here twice

Mr Niitenberg: On behalf of Ontario Hydro, I would like to say that we appreciate the opportunity of expanding on the document we filed. We obviously have not been able to respond to all the very difficult questions that were raised. I assure you we tried, and we have every intention of meeting the regulation and operating our power system in a responsible manner, both from an environmental and economical point of view.

Mr McClelland: If I might, I would be remiss in not saying quite sincerely that sometimes probing and forthright questions are very useful and appreciated as well. I thank the opposition for that.

Mrs Grier: Let me ask another one then. One of the things we have not really done in this committee is look at the unfinished issues that were left over from the last committee, where there was a final recommendation but a whole lot more work needed to be done by the ministry. I only just recognized that, in the ministry's submission, that had not been addressed.



I do not know what your plans are for when this committee can meet again to look at how we are going to develop a report, but if it would be possible in the interim for the ministry to perhaps give us in writing a progress report on the damages and research needs that are identified in the report of the last select committee, that would provide a very useful basis for us to make recommendations for the future.

The Chairman: Good. I just mention in passing, on the other discussion, that we cannot meet with any semblance of a draft documentary report on what has happened for the three days until two weeks from today. I was hoping that in that interval of time the critics and I could discuss the form of the report and maybe go into that meeting with a little bit of direction as to how the final report might be structured.

I think Mr Yeager would like a fairly extensive discussion by the committee as a background for his deliberations before he finalizes the report. What I propose to do, with your concurrence, is to ask the House leaders to allow us to file this report when the House is not sitting or when it comes back in the fall so that we are not under a time pressure in that regard.

Mrs Grier: I would prefer that it be when the House is not sitting, because I know that when I first asked for these kinds of hearings, the four contributors were saying that we need—they are going to get their approval anyway from the minister, but I think it would be nice if at least our comment on their reports was on the record. So I would like to see us file it as soon as we can.

The Chairman: I would like to reconvene two weeks from today, 13 July, at 10 in the morning.

Mrs Grier: Do you want to set a time to meet with the critics before that?

The Chairman: Privately, probably, once we adjourn.

Mrs Grier: Okay.

Is it feasible to produce what I asked for from the ministry?

Mr McClelland: I will certainly take it under advisement.

The committee adjourned at 1802.

CA20N  
XC 16  
-G24

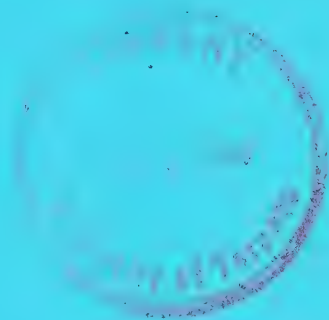
STANDING COMMITTEE ON GENERAL GOVERNMENT

ORGANIZATION

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

MONDAY 11 SEPTEMBER 1989

Morning Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough--Ellesmere L)

Bryden, Marion (Beaches--Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park--Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Farnan, Michael (Cambridge NDP) for Ms Bryden

Laughren, Floyd (Nickel Belt NDP) for Mr Charlton

Reycraft, Douglas R. (Middlesex L) for Mr Ruprecht

Clerk: Carrozza, Franco

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Chamber Players of Toronto:

Chandler, Deborah, General Manager

From the City of Thunder Bay:

Waddington, Dick, Alderman

Thomson, Margaret, Manager, Parks and Recreation

From the Mime Company Unlimited Theatre Foundation:

East, Ron, Artistic Director

From the Lynnwood Arts Centre:

Brown, Dr John, Chairman

McIntosh, Ellen, Director

LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON GENERAL GOVERNMENT

Monday 11 September 1989

The committee met at 1006 in room 151.

ORGANIZATION

The Chairman: The chair recognizes a quorum. I would like to welcome all the members of the standing committee on general government back from whatever amount of vacation they have had.

I am looking forward to three weeks of very productive hearings with respect to Bill 119, An Act to amend the Ontario Lottery Corporation Act. We are going to begin our hearings this morning with a presentation by Deborah Chandler from the Chamber Players of Toronto.

Before we begin that item, I would like to introduce myself. I am the chairman of this particular committee, the standing committee on general government. My name is Walt Elliot. I am the member of the Legislative Assembly for Halton North.

A housekeeping item we should look after before we begin the presentation is that I would like a motion, first of all, that reads as follows: That the committee adopt the agenda as recommended by the subcommittee. Could I have a mover for that motion, please?

Mr Faubert moves that the committee adopt the agenda as recommended by the subcommittee.

Motion agreed to.

The Chairman: The other item we should cover this morning before we begin is a motion that reads that the committee travel to Ottawa on Monday 2 October 1989 and that the chairman arrange to have present full Hansard and simultaneous translation facilities. Can I have a mover for that motion?

Mr Fleet moves that the committee travel to Ottawa on Monday 2 October 1989 and that the chairman arrange to have present a full Hansard and simultaneous translation facilities.

Motion agreed to.

The Chairman: I think we have made a very good start. At this time, it gives me a great deal of pleasure to call Deborah Chandler to one of the mikes in the presentation area. As I indicated earlier, Deborah is representing the Chamber Players of Toronto.

The ground rules the committee established is that we are allowing each of the groups—because, as it turns out, all the presentations are going to be made by groups—30 minutes. You can use any or all of the 30 minutes for your presentation. If we have some time left in the 30 minutes, I imagine the members of the committee will have some questions of clarification to ask of you.

Mr Callahan: Do we have a brief? I have been trying to find it and I cannot find it. Is there a written brief?



The Chairman: The only notation I have for written briefs is for our 2 pm, 2:30 pm and 4 pm presentations this afternoon. The agenda tells you which ones we have previous briefs for.

At the end of your presentation, Ms Chandler, you may wish to leave a brief with us and we will put that in as an exhibit as well.

Ms Chandler: Fine.

#### ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

Consideration of Bill 119, An Act to amend the Ontario Lottery Corporation Act.

#### CHAMBER PLAYERS OF TORONTO

Ms Chandler: Thank you for giving me an appointment this morning. You will be glad to know that my presentation is relatively short.

Regarding Bill 119, I would like to take a stand against the amendment in Bill 119, not only as an orchestra manager and a musician, but also as a Canadian who is concerned with the long-term development of our cultural and recreation activities.

Our collective public attitude towards culture and recreation is only now beginning to reach a level on which we recognize the inherent importance of them. These are areas that enrich our lives and help to build us as persons and these activities are more urgently needed in this era of fast-paced and driven work schedules than they ever have been before.

This tender but strengthening public concern should not be forced by the government to choose between funding of hospitals and funding of culture and recreation. The cultural and recreation areas are all too often spoken of by the government in tones and terms which imply their inferiority and lack of priority in the government's agenda. It seems as though changes may have been planned in this bill area for some years, but have only in the past year or two been brought forward.

I have some questions which I will come up with later, but I will make an observation that programs such as the Half-Back program, whereby a lottery ticket buyer could receive a discount on buying Canadian books, seemed to be discontinued for no obvious reason. It is this type of program which helps to educate and expand the knowledge of the general public and therefore to build a cultural understanding of our country.

Speaking of facilities in Toronto alone, much less in the nonurban areas, they are just simply not sufficient to maintain a high quality of cultural presentations, especially in the music and theatre areas. Toronto, despite its position as Canada's cultural activity centre, still does not have a 700- to 900-seat music venue. Roy Thomson Hall and Massey Hall seat over 2,500 each; the Jane Mallett Theatre and the Du Maurier Theatre Centre seat 400 to 500 each.

All of these halls are booked solid with both theatre and music through the year. The activity level in Toronto could easily support a much-needed, mid-sized hall in which we could not only make better music, but, God forbid, might even make some money because we would be able to sell more tickets, something which is not possible in a tiny hall on ticket sales alone and is often too risky for medium to small groups to try in a large hall.

It is all too common for Canadians everywhere to take a good thing only to a certain point before backing off and destroying any valuable progress made by stopping it in mid-development. This is how I see the amendment to Bill 119. Ontario should have the maturity and the long-range vision to provide leadership in the continuity and consistency of purpose, especially by maintaining the honest commitment to support culture and recreation through the lottery funds. These funds have been supported by a public that believes it would benefit from the lotteries, not only by the possibility of winning but also through increased facilities and projects in culture and recreation.

As I understand it, the government proposes to expand the lotteries' dedication to include hospitals in the annual profits and to use the unspent balance of the profits from the past years for hospitals as well. While the former, the annual profits, may be a possible thing, given limitations, I feel—and on behalf of my group I can tell you that we feel—that the latter is an immoral and unacceptable step.

As a member of the Ontario arts community, I strongly urge you to ensure, first, that the accumulated profits of the dedicated Ontario lotteries be treated as a trust fund and that the interest be used and allocated annually for the support of cultural, recreation, sports and fitness activities; and second, that one third of all ongoing annual profits of the lotteries should be allocated for the support of culture and recreation.

However, if these decisions were to be taken, there should also be a commitment that these funds, which would be put into the expanded dedication, would in fact be used for hospitals and not allowed to slip through more cracks into additional categories. Again, I will say that we feel the retroactive cancellation of the commitment to spend the accumulated profits on culture and recreation is not acceptable.

I have a question. I would like to know if there have been any plans made to set proportions of the allocation of funds which would be dedicated to hospitals, culture and recreation, and whether the commitment to the arts and recreation committee would be a firm one and would be written and committed to us.

The Chairman: As the chairman, I should indicate to you that presenters are presenting. You may ask questions for the record, but if you expect an answer, it might be a bit unrealistic.

Ms Chandler: That is fine.

The Chairman: Is that the end of your remarks?

Ms Chandler: That is the end of my presentation.

The Chairman: What I propose to do is to go in the rotation as much as we can. I anticipate that we will probably have more questions sometimes than we will have time for in the 30-minute time, so I will call on Floyd, if you have a question first.

Mr Laughren: I could answer your question. There is no dedication of funds to culture and recreation, so that has many of us worried. Perhaps for the record, just for those members who do not know, I am opposed to this bill as well.

Mr Callahan: Surprise.



Mr Laughren: That does need to be said, because it really does have enormous potential to undermine support for the arts in Ontario.

Ms Chandler: Absolutely.

Mr Laughren: We know that, and we also know that the amount of money that will be diverted from culture and recreation to the health care field is a drop in the bucket in the total health care field. It is not as though this is going to rescue the health care system. It does not have the potential to rescue the health care system, but it has the potential to undermine arts in Ontario. That is why many of us are very concerned about this bill. We think it is an unnecessary amendment to the legislation.

Ms Chandler: Thank you.

Mr McLean: I will surprise some of you and tell you that I am also opposed to this amendment. There is not a specific amount allotted to the cultural community, and that is one of the main reasons. Over the past several years we have observed, there has been about 27 per cent to 30 per cent which has gone to culture. Under this bill that is not the case, as indicated in this amendment.

I am all in agreement with health care; certainly we have to be looking at it. What we are looking at is capital money for health care, not going into the general revenue pot to fund health care. What comes in in lotteries is only about four days' health care in the whole year. We are opposed to the amendment on the grounds that there is not a specific amount indicated in the bill to go to our cultural groups.

Mr Reycraft: First of all, I will address the questions that the presenter put forward, and before that I want to thank Ms. Chandler for coming forward and making a presentation and reminding us of the importance of these programs to the quality of life in this province.

With respect to your question, no, there is not a specific dedication to programs under culture and recreation under what is proposed in Bill 119. I might say that is quite consistent with the way the province provides funding for all kinds of programs on an annual basis. It does not generally commit any particular revenues for specific expenditures. Rather, every government determines its priorities on a year-to-year basis and allocates money to health, education, social services and, as well, to programs for culture and recreation.

Ms Chandler: But I understood, through the lottery funds, that there was a specific dedication to culture and recreation, that the profits would be spent on those activities.

Mr Reycraft: That is quite correct. The Ontario Lottery Corporation Act, as it has existed since 1975, has required that all of the profits from lotteries in any given year be deposited in the consolidated revenue fund of the province and that they be available for funding for programs for culture and recreation and fitness.

In essence, what has happened is that since 1975 no government has used all of those lottery profits for culture and recreation programs, not even the Conservative governments from 1975 to 1985. As a result of that, there has been this notational surplus that has been referred to and that has accumulated from year to year.

What is proposed with Bill 119 is that the government should continue to allocate funds to programs for culture and recreation as it has been doing and that whatever part of the lottery revenues is not appropriated for those purposes should then be used for hospitals.

Ms Chandler: But in very vague terms.

Mr Reycraft: Well, I think the terms are very specific.

Ms Chandler: I think our concern is that there seems to be very little definition in the amendment to the bill.

Mr Reycraft: It is certainly every bit as specific as the current Ontario Lottery Corporation Act is. There is no loss in specificity as we move into Bill 119.

Mr Chairman, if I could, I wanted to ask Ms Chandler a question. I realize I am using some time and I may get cut off if I do not get to this question quickly. You indicated that you wanted one third of all of the annual profits from lotteries to be committed to programs for culture and recreation. Did I understand you correctly?

Ms Chandler: This has been something that we have discussed very often at the Association of Canadian Orchestras, and considering the amount of activity that is going on, at the end of the discussions we thought that would be a fair allocation.

1020

Mr Reycraft: It is estimated that this year the profits from interprovincial and provincial lotteries will be somewhere in the neighbourhood of \$500 million. The commitment from the provincial government to the ministries of Tourism and Recreation and Culture and Communications for culture and communications is well in excess of \$400 million. One third of the total lottery profits would represent a decrease in funding for those programs. I am a bit baffled at why you would recommend that the commitment be one third of the profits when in effect we are providing much greater funding than that now.

Ms Chandler: But the Ministry of Culture and Communications has only the lottery funds as one part of its total funds.

Mr Reycraft: That is true.

Ms Chandler: As I understood it, the lottery funds were for capital funding and nonrecurring purposes. At the moment I receive Ministry of Culture and Communications funding on many levels, including investment in the arts, which would seem to indicate that the government recognizes we are undersupported at the moment.

Mr Reycraft: I was not referring to the total budgets of those ministries; I was referring to financial support for culture and recreation programs. The total amount of that support in this year's budget is \$418 million.

Ms Chandler: Then I have been misinformed.

Mr Reycraft: I wonder, if that is the case then, whether we should be looking at this recommendation that one third of the profits be dedicated to those purposes.



Ms Chandler: That is all six lotteries, the interprovincial and intraprovincial?

Mr Reycraft: It is estimated that all six lotteries will provide profits of about \$500 million this year.

Ms Chandler: Then what happens to the \$369 million that have been accumulated over the past few years?

Mr Reycraft: Under Bill 119 the surplus funds that have not been allocated to culture and recreation programs would be appropriated for hospitals.

Ms Chandler: All of them would be retroactively cancelled. They would retroactively be cancelling the commitment to culture and recreation programs and simply handing the funds to the hospitals.

Mr Reycraft: Governments from year to year since 1975 have allocated the amount of money that they felt was appropriate for culture and recreation programs. The balance of those funds has not been earmarked in any corner or any vault in the Treasury. They have gone into the consolidated revenue fund and expenditures have been made out of the consolidated revenue fund to various ministries.

Mr Laughren: Illegally.

Mr Reycraft: I do not think that anybody has indicated that the spending has been illegal.

Mr Laughren: I just did.

Ms Chandler: It just appears that way from our end when it seemed to have been dedicated—if you are going to retroactively cancel it, it seems as though we are changing the law so that we are not breaking it.

Mr Reycraft: If the Ontario Lottery Corporation Act that was passed in 1975 said that all of the profits had to be spent on culture and recreation programs in a given year, then your position would be a valid one. It did not say that. It said that all of the profits had to be placed in the consolidated revenue fund and they had to be available for support of culture and recreation programs in the province.

Mr Farnan: First, I should make it clear that this red tie is not indicative of the fact that I might be supporting a government position.

Mr Callahan: How about the green coat?

Mr Farnan: It is a colour dear to democratic socialists around the world. Let me thank you for your presentation. Something struck me early on when you were talking in the context of a well society, of a society that is a healthy body, healthy mind, healthy society, that kind of context. That is something New Democrats believe in inherently.

We would stress to the government that an investment in culture, the arts, recreation and sports, is indeed an investment in preventive health care. If they want to invest lottery funds in health care by investing them in culture, the arts and recreation, they are indeed doing that. Would you like to comment on that?

Ms Chandler: It is an interesting viewpoint, and I tend to agree with the basic premise. Certainly, if we can manage to round out our lives, it is going to bring all the blood pressure down, and if you get rid of some of these things that are causing so many diseases. I think there has to be a balance in there somewhere. I think you are right, but it might be rather difficult to get that concept across on the floor of the House.

Mr Farnan: Believe me, it is tremendously difficult. Let me go on and ask you this question: If the government is suggesting that these funds from lotteries were not clearly intended for sports, recreation and culture—my colleague Mr Reycraft has suggested, "We'll collect the funds and we'll give some of them to these groups." In your experience, have you ever had groups which have submitted worthy submissions requesting funds where they have been turned down?

Ms Chandler: Sure. Absolutely.

Mr Farnan: In your mind, is that not somewhat inconsistent with a government policy that says, "We will collect these funds, we'll put them into a fund, but we won't spend it"? It would be fairly justifiable if they did not have worthy submissions to say, "We won't spend it," but if there is a mountain of worthy submissions across the province, then it appears that what you have is—I do not know; how would you describe the system, if that is the case?

Ms Chandler: The funding system itself is always a bit of a lottery. The submissions go in, and there are always political ramifications to every application. That has to do with everything from connections within your group to government, to the political importance of whatever area or town or activity may be applying for the funding. Unfortunately, that is a part of life.

When it comes to the quality of application, from this end all you can do is hope that there is some equal jurying going on at the top.

Mr Farnan: Is this a commonly held view among groups, that there is this kind of connection necessary and that there is indeed a correlation between influence and grants?

Ms Chandler: I do not say that in a cynical type of way; I say it in a realistic way. I think it has been going on for thousands of years and it is not going to change.

Mr Callahan: For 42 years, to be exact.

Ms Chandler: No, no, no; thousands.

Mr Farnan: It is unfortunate that the government members would make jokes about it. If we are joking about what appears to be the reality of patronage within a grant system, then I am shocked.

Ms Chandler: Well, I come from a little town in Nova Scotia, and certainly things worked that way there. I have lived up here for years and years, and it has always seemed to be that way here, and it certainly seemed to have been that way in all the history of culture I have ever read, for hundreds and hundreds of years. Would that we had far more private patrons so we would not have to worry about government funding.

Mr Callahan: I just want to go back to what seems to be a



misconception in terms of this trust arrangement on the funds that were gathered before the introduction of this bill. If you look at sections 9 and 10 of the former act, which was enacted by the former Conservative government at a time when no one had any idea what tremendous popularity lotteries were going to have in this province, nor any idea of what kind of money was going to be collected, what they do, as my colleague Mr Reycraft said—the relevant section is section 9. It says: "The net profits of the corporation after provision for prizes and the payment of expenses of operations shall be paid into the consolidated revenue fund at such times and in such manner as the Lieutenant Governor in Council may direct, to be available for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities therefor."

1030

The real operative section is subsection 10(1) which says, "The Lieutenant Governor in Council"—I am sure you understand that that is the cabinet of Ontario—"may authorize the Treasurer of Ontario to make advances to the corporation in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council may deem expedient."

In essence, under the former bill, even though the moneys were to be available—

Ms Chandler: There was no commitment there, either.

Mr Callahan: —there was no commitment there. I will not agree with you, "there, either." We will get to that point. There was no definitive commitment that those moneys had to be taken out of the big pot called the consolidated revenue fund and allocated to any program. In fact, there was probably a greater possibility of there being a need to meet certain criteria, be they political or whatever, to get your moneys out. If people believe that that statute placed an irrevocable trust on those moneys, I would suggest that the readings of sections 9 and 10 clearly state that that is not the case at all.

For instance, if the government of Ontario of the day had, God forbid, gone broke, in other words, if they were down to the bottom of the barrel and had to scrape those funds out, surely one could not argue that those funds were not available to keep the province afloat, which would be the case if it were a trust arrangement.

I am suggesting to you that there is no trust on those funds. It was simply nice, wise, clever political words we used in those days to give people the impression that this was how we were going to deal with our cultural groups: "to be available." Surely if the government of that day had wished to impose a trust on those moneys, it could have used words much stronger, like "to be held in trust exclusively for...." They did not. They used the words "to be available."

Second, I think you said it was available only for capital.

Ms Chandler: And nonrecurring purposes.

Mr Callahan: If you look at section 9, it talks about "development of physical fitness, sports, recreational and cultural activities and facilities," which meant that as well as capital, it was available for activities.

Ms Chandler: Very often when you applied for them, though, you were told it was for nonrecurring purposes.

Mr Callahan: Then there is a clear case that under the former act it did not work, because you applied and they just threw the statute aside and said, "Here's our criteria." I would think that is far less desirable than to at least have, first, a track record and, second, some definitive way of knowing what it is for. Under those circumstances, clearly, they would be giving it to you for capital and nothing else.

Under the present act, the proposed section says:

"(a) for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities therefor; and

"(b) for the activities of the Ontario Trillium Foundation."

What it says is that those moneys are there for those purposes and if they are not all allocated in a single year, then what is left over goes to hospitals. I think that is a little more definitive, and I suppose you will only know when applications are being made. Maybe I could ask you whether your group has made any applications.

Ms Chandler: Not this particular group. I am fairly new to this group.

Mr Callahan: You are obviously in tune with groups that have made applications since 1985. Have they found that they were not able to get it for current as well as capital? Have they found that situation that existed pre-1985?

Ms Chandler: From these lottery funds?

Mr Callahan: What I am looking at is the history since 1985. Has it been like the past, where you got only capital or you got only current, or were you able to get both?

Ms Chandler: Occasionally current. The capital funds seemed to be far more seriously considered, because it was something that was long-standing; it was going to last a much longer time.

The Chairman: I would like to thank you very much, Deborah, for coming before the committee as our first presenter. I think you made your position very clear. We appreciate your input.

Ms Chandler: With your permission, I will file this probably tomorrow, when I revise it.

The Chairman: The clerk is beside you, so you can make those arrangements right now if you would like.

#### CORPORATION OF THE CITY OF THUNDER BAY

The Chairman: Our second presentation is by the corporation of the city of Thunder Bay. Margaret Thomson, the manager of the parks and recreation department, is with us. I understand Dick Waddington, an alderman from the city council, is actually going to be making the presentation. You are going to share it? Fine. Welcome to the committee.



Alderman Waddington: I am Dick Waddington, an alderman from Thunder Bay. With me is Marg Thomson, the manager of our parks and recreation department. We are here at the request of our city council, which unanimously passed a resolution objecting to your proposed Bill 119. Council believes that Bill 119 will have an extremely negative impact on our cultural and recreational capital and operating funding.

Thunder Bay is the unofficial capital of northwestern Ontario. We are closer to Regina and Kansas City than we are to Toronto. Our citizens are a full day's drive away from any other major Canadian city. I believe it is important to emphasize our relative isolation. We do not enjoy the opportunity to drive a few miles down the Queen Elizabeth Way to enjoy another city's cultural or recreational offerings. Our senior and junior hockey and junior football teams, for example, must pay the visiting teams' travel expenses in order to have a league to play in. You can imagine how much fund-raising effort is diverted to that aspect of the game.

If we cannot provide it in Thunder Bay, then it is not available in northwestern Ontario. We are the regional centre for a vast area, providing many recreational and cultural services for dozens of otherwise isolated towns and villages. This at times places an unfair burden on our city taxpayers, but that has often been offset by provincial aid.

Over the years, our city has greatly benefited from financial contributions and support made possible by provincial lottery profits to projects associated with the development and maintenance of recreation, sports, fitness and cultural opportunities. Although we have many unmet needs, had we not been able to draw on that support, many if not all of our developments would never have materialized. Neither our Canada Games complex, a multi-use aquatics facility, nor a 1,300-seat community auditorium, home to our symphony and the cultural heart of our city, would exist today had lottery money not been available. Their capital costs were simply beyond our financial capability.

Our public library has made extensive use of virtually all categories of lottery funding made available. That funding was used for needed facility improvements to provide access to the handicapped, to purchase reading aids, large-print materials, talking books for the visually impaired and to acquire special multilingual literacy and French-language materials. That essential source of funding has permitted our library to introduce important new service initiatives and has provided a highly visible example of an extremely popular provincial program. To the library, as to so many other cultural groups, that funding has become an increasingly essential and irreplaceable source of financial assistance.

In Thunder Bay, we are currently facing a situation of replacing several major facilities. Our only arena capable of hosting major events, our two outdoor pools and our multipurpose stadium are all in desperate need of replacement or massive and expensive renovations. These facilities provided needed, well-established services to our community for over 35 years. The arena and stadium are vital to our tourism and convention business as well as to the community at large.

The arena was host to the 1988 Skate Canada competition and is home to both the Allan and Centennial Cup national hockey champions as well as to world champion curler Al Hackner. The stadium plays host to many regional and international ball and soccer tournaments as well as being home to our junior football team. The pools provide the major source of summer activity for many

of our inner-city children. We simply do not have the resources to go it alone, and yet it is unthinkable that the city and the province would even consider asking our citizens to do without them.

Our community centres, each an integral part of the neighbourhood, provide a catalyst for many volunteer programs, from minor hockey teams to seniors' cribbage clubs. These centres exist in large part thanks to provincial lottery funds made available to help pay for their construction. Citizens from Thunder Bay are currently fund-raising and planning two additional community centres, one a neighbourhood facility 10 years in the planning, the other an older adult centre to replace one torn down to make way for a new provincial office building. Both groups have patiently waited their turn as other facilities were built. With Bill 119 you are telling these volunteers that their efforts, patience, faith and understanding were all misguided.

1040

During the development of our city's parks and recreation recent master planning process, several studies were undertaken to identify future recreation patterns and demands in our community. As well, in the results of many other provincial, national and international studies of this kind, 50 per cent of the respondents indicated that their participation will increase and 43 per cent expect to at least maintain their present level of participation. In other words, the demand for recreation services will grow significantly.

Every single funding mechanism now available to the broad field of recreation has either been discontinued, depleted, prorated, flat-lined or reappropriated. There has been a systematic erosion of financial support for recreation, culture, sports and fitness, when demands in these areas are in fact increasing.

Specifically, the Community Recreation Centres Act and regulation 517 are the only pieces of legislation which receive allocation of tax-based funds for the purpose of sport, recreation and fitness in Ontario. There has been a continuous decrease of CRCA and regulation 517 funding, to the point where financing now for sports, recreation and fitness in Ontario is derived almost entirely from lottery proceeds. Funding from the CRCA for capital projects reached a high of \$19.4 million in 1977-78. It declined to \$2.8 million in 1985-86, and today it only exists as a piece of legislation, since no funding has been allocated to finance the program since 1985-86. This situation alone—that is, relying almost entirely on the proceeds of lotteries to fund such essential services—is a sad commentary on the government's performance in this area.

Through regulation 517, funds are made available to assist municipalities in funding recreation programs, and has an annual budgetary requirement of \$5.8 million. Since 1985-86, financing of this program has been flat-lined at \$5.1 million. As a result, grants to municipalities have been prorated from 75 per cent down to 50 per cent in some larger centres. Bill 119 in its present form compounds this problem, because it makes no guarantee of a minimum level of funding for culture, recreation, sports and fitness, so the erosion of financial support from the provincial government could continue.

Bill 119 is also suspect because there is no defined process of equitable distribution of lottery funds. With no guarantees, how do we know if the recreation, fitness, culture and sports community will receive any funds? How do we do short-term and long-range planning in these areas when we do not know from one year to the next what can be expected in the way of provincial financial support?



The original legislation pertaining to the allocation of profits from the Ontario Lottery Corp earmarked those revenues for use by recreation, sports, fitness and culture groups. It is our understanding that in recent years large amounts of accumulated profits of these dedicated Ontario lotteries have been diverted and used for purposes other than what is stipulated in the legislation. And yet many urgent and needed projects in the recreation field went unfunded by the provincial government.

Up until the time governments introduced their own lotteries, community groups depended to a great extent on local raffles. When you decided to enter the lottery field, these organizations feared that the prizes offered for the same ticket price would destroy their ability to raise funds by this method. After all, a one-dollar ticket for a chance to win a hip of beef hardly compares to the hundreds of thousands of dollars offered as Wintario prizes. These groups' fears were allayed by government assurances that the proceeds from these lotteries would be directed to their programs. Bill 119 seems to prove that the groups' original fears were well founded. Now, our overworked volunteers will have to devote more and more of their valuable time to fund-raising rather than providing much-needed programs and services.

With regard to corporate sponsorship, northwestern Ontario is at a distinct disadvantage compared to southern Ontario in that most of the head offices of any large corporations in Thunder Bay are located in the larger cities such as Toronto or Montreal. This means that the more significant corporate donations tend to go to these larger centres.

Ms Thomson: I would now like to focus on a real issue for us. That is the issue of the provincial policy. Two priorities of the provincial government are the promotion of wellness and enhanced health, and the protection of the environment, yet the government now wants to take lottery proceeds from recreation, sport, fitness and culture to help cover the escalating cost of the health care system. Ironically, recreation, sport and fitness have proven to be the most effective preventive measures available to reduce health care costs.

Parks and recreation departments have advocated the preservation, protection and conservation of the environment long before the rest of society took up these causes. Historically speaking, parks and recreation departments were the original conservationists. In fact, over 100 years ago the city of Port Arthur, which is now part of Thunder Bay, set up the very first board of parks management in Canada, and its stated purpose was to acquire, manage, control, protect, preserve and conserve park land. The parks board of the day expropriated land along the rivers for protection and preservation.

Although the negative impacts of Bill 119 would be felt throughout the entire province, northwestern Ontario represents an area where the impact would have perhaps more serious consequences relative to the continuum of services in recreation, sport, fitness and culture and how they relate in particular to the general health and wellbeing of individuals and communities in the north.

Northwestern Ontario is primarily made up of relatively isolated communities. Citizens in these communities, right from Thunder Bay along the lakeshore and west to the Manitoba border, rely almost entirely on the local community and municipality to provide or facilitate recreation, culture, sport and fitness related programs and facilities. Unlike southern Ontario, where adjacent communities may supplement what exists in one's own municipality in the way of these services, northwestern Ontarians have to find these opportunities in their own backyards or do without.

There are many social issues which are particularly evident in the north and which can be partly if not fully addressed through programs and services in the areas of recreation, sport, fitness and culture. It is a well-established fact, for example, that northwestern Ontario experiences greater problems in the area of alcohol abuse and the associated alienations than any other part of the province. The issue of integration of persons with disabilities into the life of the community is also of particular concern and priority to our communities.

Without continued and reliable financial support from the provincial government for the maintenance and future development in these areas in the north, the north will not be able to fulfil its responsibilities with regard to these important social issues. Northwestern Ontarians are Ontarians too, and deserve the same opportunities and choices as citizens in the rest of the province. Any further curtailment or elimination of funding for recreation, culture, sport and fitness creates the sense in the north that we are second-class citizens, politically as well as geographically isolated.

The provincial government's community recreation policy statement stresses the importance of "recreation partners." In defining the role of the province in this "partnership," the policy states:

"As we approach the 21st century, the role of the provincial government in community recreation services remains crucial. At the local level, in keeping with the principle that the municipal...governments have the primary responsibility for stimulating and assisting the development of community recreation, the Ministry of Tourism and Recreation will encourage and support the municipal governments in the execution of their enabling and facilitating role among all organizations providing recreation services."

Bill 119 can be reviewed as a pulling back of this support.

The policy goes on, and contains what is called "Guiding Principles for the Future of Recreation." There is a whole list of them, and I would like to read them, because I think it is the basis of their policy.

1. Recreation is a fundamental human need for persons of all ages and is essential to a person's physical and social wellbeing and to the overall quality of life.

2. Recreation services play a significant role in the creation of cohesive and quality communities.

3. Recreation services should comply with the intent and spirit of the Charter of Rights and Freedoms and human rights legislation and should provide opportunities for both genders, all age groups, all ethnic groups and special interest groups.

4. Recreation services should be commensurate with individual and collective interests and serve the needs of the total community.

5. The primary responsibility for identifying and meeting recreation needs rests with the individual.

6. The responsibility for the provision of recreation opportunities beyond those supplied by the individual, is shared by all levels of government and many public, private and volunteer organizations.

7. The geographic community is the focal point for recreation activity.



8. The effective delivery of recreation services is dependent upon citizen participation and the commitment and capability of the community volunteers.

9. The partnership between volunteers and professionals is an integral part of the recreation delivery system.

10. Each municipality has the responsibility to ensure the availability of the broadest range of recreation opportunities for every individual and groups consistent with available community resources and needs.

I would like to pay particular attention to principle 6, which is: "The responsibility for the provision of recreation opportunities beyond those supplied by the individual, is shared by all levels of government and many public, private and volunteer organizations."

1050

The municipality of Thunder Bay has demonstrated, as have many other municipalities across Ontario, that it is doing its share. Parks and recreation budgets are consistently in position 2, 3 or 4 in municipal budget allocations. In Thunder Bay, the volunteer economic contribution equivalent just in the parks and recreation department alone is approximately \$946,000 per annum. They are certainly doing their share.

There is no way that the provincial government or the municipalities can live up to these principles without the enabling financial legislation. Bill 119 in its present form is not that enabling legislation.

Based on the guiding principles, the Ministry of Tourism and Recreation goes on to outline major long-term goals. It states three of them: (1) co-operation and co-ordination among all recreation partners; (2) the maximization of recreation's potential; (3) the development of the broadest range of recreation services.

Accompanying these long-term goals, contained within is a set of specific goals and objectives. Concerning goal 3, regarding "the development of the broadest range of recreation services," the province has stated—I am quoting from its document: "The special relationship the provincial government has with municipalities and the great increase in the availability and importance of leisure, places upon the Ontario government obligations and responsibilities for assisting in the development of the broadest range of services for its use."

Unless the provincial government is prepared to make changes to the proposed Bill 119 so that the legislation enables the government and municipalities such as Thunder Bay to fulfil their roles in the "partnership," live up to the stated principles, goals, objectives, obligations and responsibilities, then the provincial government's community recreation policy statement is just a bunch of empty words.

The city of Thunder Bay would like to remind the provincial government of its stated obligations and responsibilities, and we respectfully suggest how it might live up to its stated policy. We have two recommendations:

1. Amend Bill 119 to establish a minimum guaranteed funding level with escalation clauses indexed to inflation, estimated to be at least \$100 million, which can be relied upon by all the clients of the Ministry of

Tourism and Recreation and the Ministry of Culture and Communications who work in partnerships with the provincial government to provide the citizens of Ontario with the very best leisure service delivery system in this country.

2. Amend Bill 119 to include a process for equitable distribution of lottery funds.

Alderman Waddington: Lottery funds are crucial to the maintenance and development of recreation, sport, fitness and culture opportunities and facilities in northwestern Ontario. I would hope, Mr Chairman, that your committee will listen to our concerns and those of others over the next three weeks and realize the negative impact that Bill 119 will have on the quality of life here in Ontario. Thank you.

The Chairman: Thank you very much, Mr Waddington and Ms Thomson. That was a very comprehensive brief and very clearly presented too. The reason I mention that, committee, is that we have a little over 10 minutes for questions of the presenters this time. Mr Farnan caught my eye first.

Mr Farnan: To Mr Waddington, and it is a very global question: Is the city suspicious of a provincial government that appears to be increasingly intent on passing on funding responsibilities to the municipalities in a wide variety of areas? Do you think that Bill 119 is just part of this divesting process on the part of the province?

Alderman Waddington: I think it is. I guess most municipal governments are just getting frantic with the responsibilities being handed to them without funding: courtroom security, workplace hazardous materials information system, pay equity, increased requirements for sewage, water, the blue boxing, all these things. Being honest, Bill 119 just adds to that list. Yes, we are faced right now with \$80 million in water treatment and sewage treatment, and we just have no idea how we are going to manage it.

Mr Farnan: Thank you for that answer. I have to commend you on just an outstanding brief, an absolutely wonderful brief, but your parting shot, I think, goes right to the heart of what this committee is about: that the committee "will listen to our concerns."

We have been through the Sunday shopping, and the public spoke and the government did not listen. We went through Bill 162, and the public spoke and the government did not listen. Do you really in your heart and soul believe that the government will listen to all of the briefs we are about to hear in the next three weeks?

Alderman Waddington: I really do not have much choice but to hope they will, because things are just collapsing around our ears. If they do not, I do not know where we are going to go.

Mr Reyecraft: I must say that I am quite accustomed to Mr Farnan's trying to make life uncomfortable for government members in the Legislature with his questions. I am surprised to see him doing the same thing for delegations here in this committee this morning.

Mr Laughren: I did not notice any discomfort.

Mr Reyecraft: I would like to ask a question of Ms Thomson.

I specifically refer to page 5 of your brief, at the top, where you



spoke about "any further curtailment or elimination of funding for recreation, culture, sports and fitness." The officials in Treasury tell me that in the last five years government spending on culture and recreation programs has increased.

The Chairman: Excuse me, Mr Reycraft. You are going to have to speak into the mike a little more. They cannot hear you, apparently, someplace out there in the building.

Mr Reycraft: Mr Farnan would probably say you are fortunate. He would like to trade places with you.

Treasury officials tell me that the increase in provincial spending on culture and recreation programs over the last five years averages 9.6 per cent. It has gone from \$282 million in 1984 to \$418 million in this budget. Given the fact that inflation in those same years has ranged from roughly four per cent to six per cent, can you give me some explanation of what you are talking about when you speak of curtailment, when in effect the opposite has been happening?

Ms Thomson: I can only speak for my own area. We did a study on the allocation of grants from the provincial government in the last five years. For the first three, there was a slight increase, but in the last two years it has gone down, especially this past year. It is not just the fact that the allocations to our area have gone down, but it was even the process we had to go through to get what we finally got. That is our concern; it seems to become a bigger fight each year.

One good example is that last year we put in, through city council, a list of grants with our priorities. Our number one priority grant application never even made it out of the local ministry office. Subsequently, seven months later, we were sent a cheque in the mail, but it was not without constant badgering from our area to the minister himself. If we have been cut back over the last two years and we are fighting the way we have to, what does the future hold for us? If we have to spend all of our energies trying to find the money to do our job, I think it is misspent energy.

Mr Reycraft: Perhaps you said; if you did, I did not catch it. What programs were you looking at to identify the cutbacks over the last couple of years?

Ms Thomson: I am talking about capital works projects.

Mr Reycraft: Did you take a look at the amount of lottery funding you have been receiving for operating grants as well, for various programs, from the Ontario Lottery Corp?

Ms Thomson: It was everything, yes.

Mr Reycraft: It was both operating and capital grants you looked at.

Ms Thomson: This year in particular was a decline for us. I think the day before Mr O'Neil changed portfolios he sent me a letter with the cheque in the mail. If we had not received that \$250,000, there would have been a significant decrease in our grant allocations for the north.

Mr Reycraft: Either with or without that, can you give us some numbers to tell us how significant the curtailment, the cutbacks you are talking about, were?

Ms Thomson: I do not have the figures with me. I think we went from \$600,000 allocation for capital works programs down to about \$385,000.

1100

Mr Laughren: Disgusting.

Mr McLean: It all went for administration.

Mr Reycraft: I think what I am hearing is that we are talking about one particular kind of program in which there has been a cut. I am not sure if it is fair to focus on one program in one municipality and conclude that there is curtailment across the province. I have indicated, I think clearly, that that is not the case on a provincial basis. It may have been in Thunder Bay, but in terms of cultural programs both operating and capital, recreation programs both operating and capital, fitness programs both operating and capital, there has been an increase.

Mr Laughren: I thought there was a government member representing that area.

Mr Reycraft: Two of them, in fact.

Ms Thomson: I would just like to respond. I presented that item on curtailment in the context of northwestern Ontario. I am not speaking across the province. We are here to represent Thunder Bay, and we can only deal with our situation as far as what we have received or have not received is concerned.

Mr Cureatz: As the chairman indicated, it was certainly a well-presented brief. My interpretation of your presentation really boils down to the fact that you are hesitant about being at the continual whim of the government, and more so with the proposed amendment, because if funding, particularly in the health field, becomes inadequate—it already is so, but more so—then a good amount of funds from year to year will be taken away from what has been allocated and you will then be at the bottom begging for whatever morsels are left. So what you are really indicating to the committee—basically, yes or no?—is that you are looking for some consistency on a value basis of what can be expected from year to year.

Ms Thomson: One of the concerns we have expressed for many years to the Ministry of Tourism and Recreation is that it do more long-range planning in its capital funding program. Every time we submit a major capital request, we have to present feasibility studies and the research. We are saying to the provincial government that if we could work together on long-range capital planning and then set in place some basic funding so we all know where we are going—we are living from year to year. We do all of our planning, but it is not in sync with the ministry's. One approach would be for them to do, as they require us to do, long-range planning, especially in the area of capital and conservation grants.

The Chairman: I would again like to thank the presenters, Dick Waddington and Margaret Thomson, for a very clear, concise brief that I think focuses on your concerns in northwestern Ontario. A group of the people around the table were up visiting your part of the country back in August, and it is a very nice part of the country and a very hospitable group up there. Thank you very much for coming.



## MIME COMPANY UNLIMITED THEATRE FOUNDATION

The Chairman: Our next presentation is by the Mime Company Unlimited Theatre Foundation; Ron East, the artistic director, is going to give the presentation. I was a little disappointed, Ron, a moment ago to receive a written brief. I thought in this instance you might really do some mime for us and sell your arguments that way.

Mr East: We will save that for the public forum and the presentation to the public.

The Chairman: As I have indicated to the other presenters, we have half an hour for your presentation. You can use all or any part of that half-hour. If you do not use it all, I am sure members of the committee will be asking you clarification points, so you might like to begin.

Mr East: I am here today representing a small arts organization to request a reconsideration of the proposed legislation to reallocate existing surplus funds being held in trust by the Ontario Lottery Corp. These funds, amounting to an estimated \$450 million, designated specifically in the legislation of 1975, despite Mr Nixon's objections, to the support of culture, recreation, fitness and amateur sport, are, under Bill 119 to be reallocated to support accumulated cost overruns in the provincial health care system.

I recall, as I am sure you do, important and very real concerns expressed in 1975, at the time of the original lottery legislation, that a day would come when the government would consider gambling proceeds as free money, that at some future date this money would be gobbled up into the provincial Treasury to be used to provide instant solutions to systemic problems in the management of the provincial economy. As we all know, expenditures should rightfully be addressed by revenues accruing to the government through the taxation system because this maintains direct accountability to the electorate. It seems that those warnings in 1975 were apt: That day has arrived.

Our provincial health care system was specifically set up to be paid for communally by the citizens of this province directly through taxation, ensuring responsible management of our collective resources—a textbook example of democracy in action.

At present, our health care system has problems. Costs are already substantial and are continuing to escalate. We all want people who are unwell to get better. We want to do everything we can to support, comfort and assist in their recovery. But we cannot fulfil this need by causing other essential aspects of our society to suffer unnecessarily. The very nature of the democratic process demands a compromise and a compromise is appropriate in this instance. Every civilized country supports its culture.

I now would like to turn my attention to our own small cultural organization. We are the Mime Company Unlimited Theatre Foundation, incorporated as a nonprofit organization in Ontario in 1978. We operate Mime Unlimited: The Company, providing original physical theatre presentations to the educational market and for the general public. We do approximately 120 performances per year to around 40,000 people. For these activities, we receive public and private support amounting to 25 per cent of our total budget and, by the way, the major cultural institutions receive approximately 50 per cent on the average.

We also provide professional services and performers to trade

presentations sponsored by such organizations as the federal government, the Ontario government, CP Hotels, Xerox, Bell Canada Enterprises, Hershey, Burns Fry and many others, as well as for conventions and entertainment planners. We do approximately 25 different presentations of this type each year.

We also operate Mime Unlimited: The School, providing Canada's only full-time professional training program in mime mask and physical theatre. Since our inception in 1980, we have graduated over 180 professional performers from across Canada, Japan, Australia, South America, Europe, Israel and the United States. We also provide professional teaching personnel to other organizations such as Theatre Ontario, community colleges, universities, secondary schools and other independent training schools.

We do a lot of work in Ontario, we have a dedicated board of directors, but as an organization we are not well. Like most of the smaller arts organizations in Ontario, we are caught in a squeeze between rising costs and long-term government cutbacks to the arts. Before the recession, if you successfully passed the rigorous screening process, Ontario Arts Council funding was provided on an annual basis with a three-year guarantee to allow for long-term planning.

This prudent method of funding was largely abandoned due to budget restraints, to be replaced by annual and increasingly individual project funding, forcing the smaller arts organizations to operate on a short-term basis only. In addition, the competition for funding has increased to the point where funding decisions are now based on a defensive process, with the overriding object being to get rid of projects instead of considering each on its own merits. When you are faced with 100 proposals and money for 10, you end up with 20 to 25 equally excellent proposals and the choice boils down to inventing a reason to get rid of the unlucky ones.

The only other option to this negative process is to attempt to spread the money further by cutting a percentage off each proposal. This is why we all have deficits. Shaving a few thousand dollars off each project causes already desperate small groups to attempt projects without adequate support on budgets already cut to the bone. In the last eight years we have never received a grant from the federal or provincial governments equal to our original request. The problem has become so acute that many of our smaller organizations are on the verge of collapse and the rest are under constant economic pressure. In effect, the government is saying: "Let the burden fall on to the artists,"—already the lowest paid profession in the province—"and let them subsidize their own work."

#### 1110

Add to this private donations receiving only a 17 cent on the dollar rebate for the first \$250, and most of the small company donations, individual donations, are under \$250, and a proposed nine per cent sales tax on ticket sales, as well as the accumulated pressures of living on the margin economically—and you have a recipe for the slow but consistent erosion of cultural activity in the province.

We need deficit relief and capital investment now and the only place we can get it is from the lottery money. We are crucial to the cultural industry. It is the smaller arts organizations that provide the opportunities for the next generation of playwrights, designers, directors, technicians and performers. It is a mistake to think that a few large flagship cultural institutions and commercial producers presenting largely foreign content to an



upper middle class audience and tourists form the backbone of our cultural expression. Ontario's artists are suffering. The flight of artists out of Toronto is increasing and companies are closing.

In our case, four years ago, despite all of our efforts, we had a \$45,000 accumulated deficit. The previous Liberal Minister of Culture and Communications responded to our problem by providing with lottery funds a one-time deficit reduction grant of \$17,000. This stopped the bank from foreclosing. Simultaneously, she also established, in my opinion, one of the most farsighted programs instituted by the ministry: the investment in the arts program. This program enabled us to build up a \$20,000 trust in equal partnership with private sector donations. In three years time, this trust will become available for our use. Its intention is to replace deficit funding with our own capital reserve for operating cash-flow, thus eliminating the need to borrow.

But there is a hitch. We still have a \$25,000 hard debt and it costs us \$4,000 a year in interest charges. If we suspend operations and use our support to pay off the debt, we will lose our place in the market, our personnel, and our funding. If we continue our activities with skeletal funding, we cannot reduce our debt. To compound the problem, we now have an eight-year-old touring vehicle which has to be replaced. The ministry, through the lottery funds, is the only organization providing capital funds for equipment. I can see, and I am sure you can too, that our trust—providing a measure of security and independence—is a pipe-dream.

I have taken this time to describe our own situation, not to plead our individual case, but to bring to your attention the plight of scores of small arts organizations in this province. We have ageing equipment, inadequate space, and too little money to pay a living wage to our artists. At the same time, the lottery has been amassing a \$450-million surplus. With increased demands on the public purse for health care in a fragile economic climate as we adjust to free trade, and in an ever more competitive global economy, this province is about to squander the cultural heritage of the next generation of artists. We can see the disastrous results of this type of management on the physical environment. Now, we are about to see it in our cultural environment, as well.

I strongly urge this government to renew its pledge to support our cultural industries by placing this money in a trust in perpetuity for its original dedicated purpose and to ensure that a specified portion of future lottery revenue continues to support culture, recreation, fitness and amateur sport in Ontario. Thank you.

The Chairman: Thank you very much, Mr East. Mr Laughren is the first wanting to ask a question.

Mr Laughren: Thank you, Mr Chairman. I appreciated the brief. Particularly your opening comments in the brief, I think, put it in a conceptual context that is important to have on the record.

I had a question on your first paragraph. When you say that you want this bill which will "reallocate existing surplus funds being held in trust by the Ontario Lottery Corporation. These funds, amounting to an estimated \$450 million"—where did you get that number of \$450 million?

Mr East: In Hansard it was stated by Mr Nixon as being \$500 million accumulated and we have also had statements of \$400 million, so I just tried

to shoot for the middle figure. It seems to have been stated a variety of places.

Mr Laughren: I think it is a lot more than that.

Mr East: I think I am only referring to the intraprovincial lottery money, not the interprovincial.

Mr Laughren: Right, because I think, in fact, it is over \$1 billion. What this bill will do is try to make an honest man out of the Treasurer because—I would hate to say that he has been stealing money—I want to tell you, the way that this money has been taken from the consolidated revenue fund, you have to question the integrity of it. You really do.

Look at the original bill. If you recall, section 9 of the original bill says that, "The net profits...shall be paid into the consolidated revenue fund...to be available for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities therefor." It lists those. It does not say "among things." It lists those. The new bill lists those as well and then adds, "for the activities of the Ontario Trillium Foundation" and "for the operation of hospitals."

If the government was being honest with the funds and maintaining the spirit of the original bill, why would it need this one? I do not know whether you have been able to figure that out. I have not been. I am telling you, when I see the amount of money that is involved here that the government has not been honest about, it has just taken it and spent it. That money is not there now. If it is, I would like to hear the parliamentary assistant to the Treasurer tell us where it is. How much is going to go from those accumulated profits to the operation of hospitals in this fiscal year, because the bill states "in the fiscal year?" So it will presumably be 1989-90 when this bill will—

The Chairman: Mr East, would you be receptive to having Mr Reyecraft clarify the amounts and attempt to answer that last question?

Mr East: Yes, certainly.

Mr Reyecraft: I do not have the exact numbers at my fingertips for 1988-89. I would be very pleased to get those for members of the committee. I would also say to Mr Laughren that the specific information for 1989-90 is simply not available. We cannot know with certainty at this point in time what the total lottery revenues for this fiscal year are going to be. We will not know that until after the end of March 1990.

Mr Laughren: You said that it would be around \$500 million. I was quoting you. You said \$500 million.

Mr Reyecraft: Our estimates at the present time are that those total revenues from lotteries this year will be somewhere in the neighbourhood of \$500 million.

Mr Laughren: Profit. I am sorry, that does not really answer and I suspect the witnesses would like to have this information as well. How much is accumulated, that has not been paid out, to quote the bill, "For the promotion and development of physical fitness, sports, recreational and cultural activities"?

The Chairman: Do you have that information, Mr. Reyecraft?



Mr Reyecraft: Again, it is not an exact figure, but I do have in front of me the Hansard from 1 March of this year and in that the Treasurer said, "This means that over these many years"—he is referring to 1975 to the present—"a surplus in the fund has been built up that is substantially in excess of \$1 billion."

Mr Laughren: Right.

Mr Reyecraft: He uses the figure \$1.3 billion.

Mr Laughren: Right.

Mr Reyecraft: That, of course, refers to both the intraprovincial lotteries and the interprovincial lotteries.

The Chairman: So I take it the point of clarification here that the \$450 million alluded to in the presentation here is one component and the country-wide lotteries account for the other part?

Mr Reyecraft: I assume the same.

Mr Laughren: Ontario's share.

The Chairman: I imagine this has something to do with the ruling through the Attorney General a couple of years ago that said that maybe the funds should be treated the same way and up until that point they had not been?

Mr Reyecraft: That is right. Until 1986, governments had assumed that section 9 of the Ontario Lottery Corporation Act applied only to those lotteries that were operated under the Ontario Lottery Corporation: Wintario, Lottario and the instant games. It was interpreted, until that time, that it did not apply to the lotteries like Lotto 6/49 and others that were operated under the interprovincial lottery corporation. In 1986 the Attorney General (Mr Scott) gave a ruling that indicated all lottery funds should be treated in the same way and that section 9 of the Ontario Lotteries Act should be applied to both kinds of lotteries.

1120

Mr Laughren: I have a final question, Mr Chairman.

The Chairman: I am just wondering, is this information being helpful to you, Mr East, or are we—

Mr East: We were really only referring to the intraprovincial money. I think that is, in terms of the cultural organizations, from my understanding, what we would really like to address. I think that is part of the spirit of the compromise we are putting forward, not that we are looking at the entire amount of money, but we are really only addressing ourselves to the lotteries and the proceeds from the lotteries in Ontario only.

The Chairman: I am sorry I interrupted you there, Mr Laughren. I think you had one more question.

Mr Laughren: Yes, very briefly, it had to do with Mr Reyecraft. Am I right in assuming there is no pot of money, that money has been spent?

Mr Reyecraft: I think I indicated earlier this morning, Mr Chairman,

that there is no vault or closet over there in the Frost building where all the surplus profits from lottery funds have been accumulated. They have gone into the consolidated revenue fund and Progressive Conservative and Liberal governments, since 1975, have made an annual allocation for culture and recreational programs.

Mr Laughren: Out the back door, as far as—

Mr Farnan: They are disappearing without authorization.

Mr Laughren: Who authorized that?

The Chairman: Thank you very much. Mr McLean, did you have any point you wanted to make?

Mr McLean: I just made it. I just was asking, under what authorization were those funds transferred? I want to thank you for your brief. The point on the first page is very well taken with regards to the allocation of them. I agree with you. Our position is that there should be a specific amount allotted to the cultural group and I know why the parliamentary assistant has indicated to the previous delegation why the cost from the government has gone up and the allotment has gone up. It is their administration within it that has increased by about 90 per cent over the last four years. When he talks about the extra money, it has all gone to administration, not to the groups.

Mr Reycraft: Mr Chairman, if I may, just to clear the record for the benefit of Mr McLean and others who may be watching, that is not what has happened. The figures I was referring to, the increased spending by the government that has averaged 9.6 per cent per year, has gone to capital and program funding for culture and recreational projects right across this province. It has not been used for administration—that I know of, anyway.

Mr McLean: You made that last statement very clear: that you know of.

Mr Farnan: Again, I would like to commend you on your brief, sir. Particularly, I think it gives us an insight to the smaller group. I think a lot of us fall into the trap of looking at what you described as flagships and perceiving the arts in that context. It is very important that the local workshop or the little theatre, or whatever it is, be perceived as the foundation, the roots and the strength of our cultural future.

Mr East: It is really, in the context of industry, small business. Without it you are going to come into a situation in the future where there will not be the younger artists, there will not be the people coming up who are then prepared to take over and move into the positions with the large flagship organizations. They need that opportunity to develop, mature and grow and move into that. I think a lot of the example that has gone on with the Stratford Festival in searching for an artistic director has been a good example of that problem. We do not have people here who have that background and training to take over the flagship organizations so we import people from outside.

Mr Farnan: The government has a propensity for sort of a grandiose approach to situations; I think of the kind of terminology the government has used over the years, like centres of excellence, the best ever, and that kind of sales job. When you put it in the context of the larger theatres which do in fact make a profit, if you look at the O'Keefe Centre, it is very



important. I really appreciate the analogy you make in comparing this to small business, which will constitute 80 per cent of the creation of new jobs in the province. If you look at the little theatre and the arts, small groups, in the same light, then it really does become incumbent upon all of us, government and opposition, to pay particular attention to ensure that funds are allocated in that area. I really appreciate your brief. Thank you very much.

The Chairman: Is there further discussion?

Mr Reycraft: One question, if I may, Mr Chairman, for Mr East: The essence of your presentation, as I understand it, is that you would like a perpetual guarantee to be in place to fund culture and recreational programs across this province. That is the argument that has been made by others this morning.

I am sure the administrator of every hospital in this province would like to have that same guarantee. I am sure the chairperson of every board of education in this province would like to have that kind of guarantee. I know every social services administrator in every municipality in the province would like to have that guarantee, but it is not in place for those people.

Instead, governments from year to year, through the budgetary process and the estimates process, determine their priorities and allocate funds to all of those areas, including culture and recreation programs. I have talked this morning about the increases we have made in those programs in the last five years. Why is it that culture and recreation should have a special status that sets them apart from everything else in the economy of this province?

Mr East: First, I think we have to understand that cultural industries are not, by and large, profit-making industries. The process of culture is a twofold thing: there is an aspect of it which is the industry; there is also an aspect of it which is a community organization. In that sense it is a community resource as well, so it in a sense has a dual purpose. There is that part of it which is business, and there is that part of it which is the presentation of cultural pieces for the mutual benefit of the entire community.

I would like also to point out, when you talk about guarantee, that I do not think we mean by "guarantee" that we have a guaranteed amount of money coming to us. The guarantee I am talking about is a percentage of the lottery proceeds guaranteed to go towards the originally stated activities in the original Ontario Lottery Corporation Act, not that individual companies or that sort of thing would have some kind of guarantee of funding.

We still go through that competitive process—and believe me, it is a very competitive process—of requesting money. There are always many more organizations making requests than actually receive funds and we understand that. But it is really in the nature of a percentage. This is in the spirit of the compromise I am suggesting. We understand that a certain percentage of money does need to go towards the health care system and that sort of thing, or go towards other areas that are of concern to the government.

But we feel there must be some guarantee given to the organizations on an ongoing basis that there is some money there; that the entire proceeds for the lottery corporations would not be moved into another area, and that the original intention of the legislation in 1975 would not simply be ignored.

1130

Mr Farnan: Could I could just follow up on that very, very briefly?

The Chairman: It will have to be very, very brief.

Mr Farnan: If the government were to say to you, "You have our word that we will put money into this area," is that sufficient for you, or do the cultural and recreation groups require a written percentage? Is the word of the government that, "We will certainly continue to look after this area," good enough for you, or do you really feel you require a statement of a specific percentage, and why would you want this specific percentage?

Mr East: Very briefly, using the analogy of the trust that was provided to us by the previous Minister of Culture and Communications, in the sense of saying: "Here is a trust. There is your opportunity now to become more self-sufficient," when in fact it is a pipe-dream. I think a lot of the concern of the cultural organizations is that the suggestion, "Yes, we would like to support culture," is there, and everybody has a sort of motherhood feeling about it, but in actual terms, when it comes right down to it, the money is not there.

Mr Farnan: What you are asking for is a guarantee.

Mr East: We need some kind of insurance that our future at least has the opportunity to continue to—

Mr Farnan: And Bill 119, as it currently stands, does not provide that guarantee. Is that correct? Could you read that into the record?

Mr East: It does not provide that guarantee.

The Chairman: Our final presentation this morning is on behalf of the Lynnwood Arts Centre. Ellen McIntosh, its director, and Dr John Brown, its chairman, will be making a presentation. They require the setup of a slide projector, so we are going to take a break of a minute or two to allow them to set up.

1133

#### LYNNWOOD ARTS CENTRE

Dr Brown: My name is John Brown and I speak for the board of management of the Lynnwood Arts Centre, Simcoe, Ontario. Present also on my left is Nancy Brown, an artist and member of Lynnwood. On my right is Ellen McIntosh, director of the Lynnwood Arts Centre and the immediate past chairwoman of the Ontario Association of Art Galleries. We regret that John Malo, who perhaps is better known to you all than we are and past president of our arts association, is unable to be present.

We neither sing nor dance but consistent with an arts centre, we bring pictures.

In the past, Lynnwood has made good use of lottery-based provincial grants: a public art gallery, a growing permanent collection of Canadian art in a well-kept building. To illustrate this, Ellen McIntosh will make a brief slide presentation.



Ms McIntosh: Thank you for the opportunity to come here today and make this presentation. As Dr Brown has already said, we feel it is in keeping with an organization which is primarily devoted to the visual arts to come with a visual presentation.

This is the front portico at Lynnwood Arts Centre. It was restored in 1974. Since that time, we have had about three capital grants to create gallery spaces and access to the handicapped. We have environmental controls that meet museum standards. We are able to compete with other good facilities throughout Ontario in providing for the public the kinds of conditions that are required in a public art gallery.

That is a view of the lawn from the south side. We have an acre of grounds, and we have been developing a sculpture collection on the grounds with the help of Wintario funding. We have at the moment five sculptures that are placed at various positions on the grounds.

That is the heritage plaque which designates Lynnwood as a national historic site, so we have the responsibility of keeping this facility, which is a very large building on an acre of ground, presentable at all times. It is a large undertaking for a town of 14,000 people. Our operating budget is about \$180,000 annually. At the moment, we have a small deficit, but we have been pretty strict about not allowing a deficit to happen. We are working very hard this year to get rid of the small deficit we have.

That shows you the front hall in the building. The Ionic columns you saw on the portico outside are repeated inside the building. This is the front part. In the back part, we have the major gallery spaces.

This is what we call the music room. The grand piano you see was purchased with matching Wintario funding. We have recitals and all kinds of events using that piano, as you will see.

The little sculpture you see on the piano is an Indian work by a sculptor named Jacobs from the Six Nations. Using that sculpture, we were able to buy another work with Wintario matching funds. Gifts of art to the gallery, until about a year ago, were eligible for matching funding. We would have to get appraisals done by the Professional Art Dealers Association of Canada, and when we had arrived at the market value of the work, we were able to get the equivalent amount in matching Wintario funding. Now that has been cut back: you can use that for one half of our part, and the other half has to be actual dollars, which is much more difficult for us to find. This is one example of how Wintario funding has been cut back. That was a question someone raised earlier.

This shows a school art opening when we had an exhibition of art from Haldimand-Norfolk schools. We always have a small performance at the beginning of the exhibition, in which children perform. There is a little boy playing the piano. The stacking chairs you see were purchased with matching Wintario funds.

1140

There is another view. You can see we use it a lot. At Lynnwood, we are kept very busy just raising enough money to operate that facility. Things like grand pianos, works of art and other equipment are just beyond our means. We cannot get enough ahead to purchase those things.

This is the library upstairs. We have the finest collection of art books in Haldimand-Norfolk. All of these books were in boxes all over the building. We managed to get a Wintario matching grant and we got someone, through an employment grant, to catalogue our books. The shelving was purchased with the grant, all the furnishings in this library, even the rugs. It is a very beautiful little library.

That painting you see is by Tom Hodgson and it was purchased with matching Wintario funds.

This is an exhibition we did called Sports and News when Canada had the Olympics, in 1978, I believe it was. This is John Reeves and Lorraine Monk jurying all the photographs which came in. Again, the stacking chairs in the background were purchased with Wintario funding.

There is a painting that was donated to Lynnwood Arts Centre. It is by William Ronald, called Cloud Bird. I think it was valued at \$4,000, and we were able to get matching funding to purchase another work of art, because that gift had been made to Lynnwood.

This is one of the works we purchased. It is called Stone Field by Tony Onley.

This is an Alex Colville painting. We bought this painting in 1978, I believe. The Audrey S. Hellyer Charitable Foundation provided the matching money, and we were able to purchase this for \$13,500. It would be way out of sight these days and completely beyond anything we could manage financially, so we are very fortunate to have this work in our collection.

This is one of the sculptures on the grounds. It is called A Rookery of Herons by Tom Benner, a London sculptor. This was also purchased with matching Wintario funds. Here are some different views of it.

Just to show you that we do our part, this is an example of fund-raising. We have a gourmet dinner raffle every year which brings in about \$1,500. This is someone making the draw.

I have included this picture, which does not look that interesting, because the man is an executive from Texaco and he is presenting us with a cheque for \$1,000 as a gift to Lynnwood. Of course, that is matching money.

Here is a book sale we have every year. Everyone gives us books and we make about \$1,000 on the book sale. Again, that is another example of fund-raising. This is just to show you that we do our part.

I thought I would just end with a view of the sculpture again. The ceramic sculpture you see on the wall of the building is one we got in 1979. It is by a sculptor named Dieter Hastenteufel. It again was purchased with matching Wintario funding.

I believe that is all I have in slides.

Dr Brown: As you can see, Lynnwood Arts Centre is a very busy place and its members work very hard to do their piece. Those are some of the accomplishments of which Lynnwood and the town of Simcoe and I think Ontario can be justly proud.

Without further assistance from lottery-based grants, future plans and



needs will have to be sadly curtailed, indefinitely postponed or abandoned. These plans include a more efficient computerized records system for the arts centre's many activities. Also, plans for future acquisitions of important Canadian works of art, for which applications have already been made, will have to be cancelled.

The board believes that the interest on already accumulated lottery profits should be spent annually to support culture, recreation and fitness. The board also believes that one third of future annual lottery profits should be used for capital projects in the field of culture, recreation and fitness. It is submitted that continuation of this assistance will help shape a truly Canadian culture, provide recreation for the mind and mental fitness in every Canadian.

The Chairman: Thank you very much. I would like to call on Frank Faubert as the first questioner.

Mr Faubert: First of all, I would like to compliment you on a fine gallery and a wonderful collection which you have managed to put together. It appears that you have done well, not only with Wintario funding but indeed in your own sense of what the collection should be. It is quite a diverse one and you should be congratulated for that.

There are two points I wanted to clarify. You indicated that Wintario funding has changed its rules related to matching funding. Could you clarify that point for me and for the committee?

Ms McIntosh: Are you referring to the point I made about acquisitions?

Mr Faubert: That is right. Do you still get matching funding?

Ms McIntosh: It used to be that if we had a work donated to the gallery, say it was valued at \$10,000 when it was appraised and it was determined that it was indeed worth \$10,000, we could get that sum matched and then purchase another \$10,000 worth of art for our gallery. Now, instead of getting it matched, out of the same \$10,000 you can only submit \$5,000 in gifts in kind, say paintings or sculpture. You have to come up with \$5,000 in cash and then the province will match. It means that we have to fund-raise even more. Do you know what I mean?

Mr Faubert: Yes, I know what you mean. If that is the way it is to act, that really reduces it to a quarter of the funding.

Ms McIntosh: Yes, it does, and it is making it very difficult for us to get acquisitions.

Mr Faubert: Have you been advised by the regional office that this has been—I take it this is for 1989 you have proposed—

Ms McIntosh: Yes, I think it went into effect late last year.

Mr Faubert: The other point I wanted you to clarify is that your proposal said you wanted one third of lottery profits to go to capital funding. Do you mean all funding or to capital funding specifically?

Dr Brown: I think the first point was that the interest on accumulated lottery profits should be spent annually and one third of future

lottery profits should be spent on capital projects in the field of recreation and arts.

Mr Faubert: The reason I asked capital as opposed to all cultural activities—you are saying for capital only.

Dr Brown: I think the implication of that is capital only, but the interest should be spent on operating.

Mr McLean: My question is much along the same lines as Mr Faubert's. It was interesting to notice the slides where you had got matching dollars for most of the work that went inside of Lynnwood. I believe it was about 1987 when that policy was changed. That is why I see the groups here today concerned with regard to the funding being taken away further when there has already been a reduction in your matching dollars that have been taken away.

I commend you for coming in this morning and presenting your views. I think that as far as we are concerned, your concerns are well taken, and I just want to clarify that the dollar-for-dollar matching is no longer there and now, with this amendment, Bill 119, they are going to take still more away.

1150

Mr Faubert: May I dissociate myself from the last remark? I do not think Bill 119 is taking dollars away.

Mr Callahan: Do not worry about it; he is just being political.

Mr Faubert: I know.

Mr Laughren: Mr Chairman, Mr Faubert may not think so, but the groups that are affected in the province seem to think that it is the case.

Mr Farnan: Everybody is grumbling about the government.

Mr Laughren: I want a clarification on the matter of donations.

For example, if Chairman Mills were to present you with 100 folding chairs, would you be able to count that as a donation? Would you have to get an evaluation on that? How does that work?

Ms McIntosh: This is only one project. May I answer this?

The Chairman: Yes.

Ms McIntosh: This does not apply to ordinary gifts in kind to the gallery; the matching has to do only with acquisitions of paintings, sculptures and works of art, where you can determine a marketplace value; but we have purchased chairs, raised the matching half in funds and then applied for a grant.

Mr Laughren: If someone made a presentation of a capital good, how would that be regarded? Would that be regarded as a donation?

Ms McIntosh: I do not think so.

Mr Fleet: I very much appreciate your presentation; I found it quite helpful. One of the things indicated in an earlier presentation—I believe



that you were probably in the room at that time—was that spending in this area, from the government's point of view, in the last four years and the current year as well—over that five-year period—had gone up significantly, roughly twice the rate of inflation, an increase in the budgeting of some 48 per cent over a five-year period.

As I heard your presentation, you are concerned in particular with the way certain matching dollar programs are dealt with, as opposed to the overall funding of all of those fields. I guess the main point I want to make is that I do not perceive any impact from this bill which reduces your ability to apply for funds, quite simply, and I am sympathetic with the points you are making about individual programming, but the points you have are not affected one way or another, as I understand this bill.

This bill is essentially one which deals with the advantages, or the problems, depending on how you look at it, of having lottery funds far in excess of anybody's expectations when the original legislation went in about a dozen years ago.

There were comments made earlier by Mr Laughren, in particular, and also Mr Farnan, to the effect that the government is stealing funds. I appreciate the politics that sometimes come up in these things and the way in which those kinds of comments were being made, but the fact of the matter is that taken literally, that is completely wrong. There was not a sum of money or trust fund that somebody had dipped into improperly; the lotteries have never had the full amount of the funds; the net proceeds that were produced never have been drawn on by any level of government to the final dollar. I guess the thing that takes place here—if Mr Laughren's view is accepted; that is, that somehow the process of notional values and the accounting system were not proper—is that this bill fixes that problem, but it does not affect the particular matching dollar program, for instance, one way or another.

I am sympathetic to the kinds of problems that you are bringing to our attention. I think that is helpful because we do want to make sure that in addition to increasing our spending in these areas at twice the rate of inflation, those programs are the most effective ones we can produce.

It is helpful in that respect. We have not had a chance to comment, because of time limits, on every presentation, but for those who are also in the room from the earlier presentations, I felt the same way about many of the comments that they brought forward. It helped to inform us about individual areas where perhaps we need to improve, and I am certainly open, as I think everybody around this room is, to seeing if we can improve those things. Thank you very much.

The Chairman: Did you wish to comment?

Dr Brown: As a final sort of comment, I cannot help but feel that the provincial government was most helpful and most encouraging at the time when organizations such as ours were setting themselves up. We were encouraged to build a standard of which we are very proud but which we are finding it extremely difficult to continue with. This is where we find ourselves worried lest these grants should not continue.

Mr McLean: That must have been under the good old Tory government.

Mr Farnan: On several occasions now, when government members have made comments during these hearings, they have accused opposition members of

being what they term "political," and it seems extraordinary to me that everyone is political except the government. Is that not extraordinary: that the only people who are political are opposition members or the groups, but the government in some way is so pure that it is not political? When Mr Fleet referred to—

The Chairman: I was hoping you were not going to ask me for a ruling on that, Mr Farnan.

Mr Farnan: —the money that has disappeared as not being a valid question on the part of my colleague Mr Laughren, I would suggest to him that there are many ways to skin a cat. The money is not there, Mr Fleet, and the reality of the matter is that the groups know the money is not there. It is supposed to have been there; the legislation says it should be there; but with whatever shenanigans the government has demonstrated over the past four years, that money has disappeared.

If people are asking the question, "Where is the money?" it is a very legitimate question. Come up with the money, and then we can get on with the debate.

Mr Fleet: Mr Farnan, your characterizations in terms of law are categorically wrong.

Mr Farnan: Mr Chairman, I do not think this is a debate between myself and Mr Fleet.

The Chairman: Mr Fleet—

Mr Fleet: There is no theft of any money—

Mr Laughren: Where did it go?

Mr Fleet: —and Mr Laughren's characterizations are really quite improper, although I understand that they are playing games—

Mr Laughren: You've just stolen the money.

The Chairman: Would you please address your remarks through the chair, and you did not have the floor. Thank you. Mr Cureatz.

Mr Farnan: Let's elevate this to a nobler level.

The Chairman: We have only another minute or two.

Mr Farnan: I have not finished, Mr Chairman.

The Chairman: All right. Better hurry it up.

Mr Farnan: I would put it to you that a society that neglects the arts is a society that is on the road to barbarism. There was something in your presentation which suggested the idea of a healthy society, so I would like your comments on that. The other thing is that I want to put to you the question that I put to the previous group.

Is it good enough, in your estimation, for the government to say to you: "Trust us. We will look after you; don't worry"? Or do you feel that you require a guarantee which says, "We want a specific guaranteed percentage of



lottery funds allocated to recreation and the arts"? And why?

Dr Brown: I think that I can say that one of the most difficult problems in financing anything such as the Lynnwood Arts Centre is to have the assurance that when you apply for the money it will still be there. That is on your last question.

My other comment is that I think the object of good government is to improve the standard of living of the people and this is what Lynnwood Arts Centre does.

Ms McIntosh: I would answer your question as well. When you ask, "Can we trust the government?" the answer is no. It does not matter what level of government, whether it is municipal, provincial or federal, you go back, you go back—

Mr Farnan: That is not my question. Can you trust this government on this issue?

Mr Reycraft: Let her go. She was going to get to the province.

Dr Brown: Mr. Chairman, I think it is time we left.

The Chairman: I would like Mr Cureatz to have a chance to ask his question, if you do not mind.

Mr Cureatz: Yes. I will be very brief, surprisingly enough. Following along Mr Farnan's line of questioning, the question I have for you is, would you feel much more comfortable that this bill was not being presented, and specifically the section about allocation of funds for the health care service? Would you feel that we actually should not be here; that the battle is rough enough in terms of getting allocation of money among other cultural groups without now having to phase in legislation; the possibility of now the health care system going after the funds.

Dr Brown: I think repeatedly one finds that the rules of the game are changed after the game has started and that puts organizations such as ourselves in a very difficult position on many occasions.

Mr Cureatz: Thank you.

The Chairman: Thank you very much, Mr Cureatz. Thank you very much for your presentation. I apologize for the partisan comment that got in the way there partway through. I hope this is not a foreboding of things to come. As a past president of the Oakville Arts Society and having a wife who is a water colour artist and was also a past president of that society, you should recognize that on this committee you do have a number of people who are very interested in making sure that the funding is in place for what a lot of us view as one of the growth industries in Ontario.

We really appreciate all of the presentations this morning. I hope by this very good input that we will be able to, as a committee, come up with some very specific recommendations on where we go from here with the legislation. Thank you very much.

We are going to be adjourning now until two o'clock this afternoon. I hope that we will all be here so we can start promptly at two.

The committee recessed at 1203.

CA20N  
XC16  
-G24

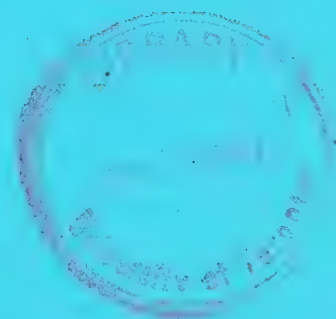
G-5b

STANDING COMMITTEE ON GENERAL GOVERNMENT

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

MONDAY 11 SEPTEMBER 1989

Afternoon Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)  
VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)  
Bryden, Marion (Beaches-Woodbine NDP)  
Callahan, Robert V. (Brampton South L)  
Charlton, Brian A. (Hamilton Mountain NDP)  
Cordiano, Joseph (Lawrence L)  
Cureatz, Sam L. (Durham East PC)  
Fleet, David (High Park-Swansea L)  
McLean, Allan K. (Simcoe East PC)  
Ruprecht, Tony (Parkdale L)  
Sola, John (Mississauga East L)

Substitutions:

Farnan, Michael (Cambridge NDP) for Ms Bryden  
Laughren, Floyd (Nickel Belt NDP) for Mr Charlton  
Pelissero, Harry E. (Lincoln L) for Mr Fleet  
Reycraft, Douglas R. (Middlesex L) for Mr Ruprecht

Clerk: Carrozza, Franco

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Alliance to Protect Culture, Recreation, Sports and Fitness in  
Ontario:

Johnston, Robert D., Chairman

From the Parks and Recreation Federation of Ontario:

Macintyre, John, Chairman  
O'Connell, Patricia, Vice-Chairman, Government Relations  
Andrews, Gail, Vice-Chairman without Portfolio  
Fair, Ross, Past Chairman

From the Toronto Arts Council:

Callwood, June, Member, Board of Directors; Chairman, Literary Committee  
Bermonte, Anne, Administrator  
Davies, Rita, Executive Director

From Toronto Artscape Inc:

Fulton, Tom, President  
Stephens-Wells, Judy, Executive Director

From the Kitchener-Waterloo Symphony Orchestra Association:

Brock, Douglas, President  
Cole, Barry, Managing Director

From the East York Symphony Orchestra:

Beange, Edna, Chairman  
Hurlbut, Beverly, Orchestra Manager

LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON GENERAL GOVERNMENT

Monday 11 September 1989

The committee resumed at 1403 in room 151.

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989  
(continued)

Consideration of Bill 119, An Act to amend the Ontario Lottery Corporation Act.

The Chairman: The chair recognizes a quorum. Good afternoon, ladies and gentlemen. Welcome to the second session of the standing committee on general government deliberations on Bill 119, An Act to amend the Ontario Lottery Corporation Act.

This afternoon our first presenters are representing the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario. Robert D. Johnston is the person doing the presenting. The committee has decided that each of the groups coming before us have up to half an hour to do its presentation. If you do not use all of the half-hour, we found this morning that the committee members had questions they would ask, but I have to be fairly firm in cutting things off at the end of the 30 minutes, because we have other presentations all afternoon.

I have been advised that our colleague Mr Laughren has a procedural question he would like to put before we begin.

Mr Laughren: I will be very brief, because I do not want to cut into the time of the delegation, but there was word around in the hall outside that at one point you, Mr Chairman, had won the lottery prize. I wondered whether you had consulted your solicitors to determine whether you are in any kind of conflict in chairing this committee.

Mr Pelissero: He spent it all.

Mr Faubert: To support culture.

The Chairman: That is actually a very good question. Because of the conflict-of-interest regulations these days, that was one of the things that was discussed in a great deal of detail the first time my wife and I went before John Black Aird, who was the commissioner at the time. His ruling and the ruling of the present person is that as long as they are run on the up and up, you can keep the money if you choose to gamble.

Mr Laughren: Okay.

Mr McLean: You mean you will not share it with the committee?

Mr Reyecraft: I certainly do not want to delay, but given the nature of the conversation, I should indicate that the Wintario draw last week was held in Parkhill in Middlesex county. I happened to be in attendance at that time. I must admit that I did win a book of five free tickets, so I want to put that on the record lest Mr Laughren were to believe that to be a conflict of interest.



Mr Laughren: You are not in the same league as the chairman.

The Chairman: No, I did win a little bit more than that.

I will not cut into your time at all, Mr Johnston. I am noting that we are starting at 5 minutes after 2, so you have until 25 minutes before the hour.

Mr Johnston: That is very kind of you. I will try not to speak for more than 29 minutes.

#### ALLIANCE TO PROTECT CULTURE, RECREATION, SPORTS AND FITNESS IN ONTARIO

Mr Johnston: My name is Bob Johnston and I am a director of the Canadian Association of Professional Dance Organizations. I am also, for my sins, the chairman of this alliance about which I will tell you more in a moment. With me at the table is John Macintyre who will be speaking for the next delegation, the Parks and Recreation Federation of Ontario.

If nothing else, one of the great things that Bill 38 and Bill 119 have done is create, I hope, an enduring marriage between those of us involved in culture and in recreation, sports and arts, because we have a great deal of commonality of interest in the whole area of use of leisure time and in community programs of one kind or another.

We are grateful that we have been given the opportunity to appear. Some of us were present at the second reading of this bill and we found that to be a very well-informed debate. I hope most of you were either present at the debate or have read Hansard. That will save me a lot of trouble, because I think the basic information was all there, the issues were there; and some of the important history, some of which I will touch on briefly; was there as well.

The alliance was formed in 1985 and 1986 when Bill 38 was pending debate in the Legislature, out of a common concern throughout the province on the part of those who work in culture, recreation, sports and fitness as to the ongoing certainty of the kind of support we have had for the last 14 years from lottery funds. You will know that most of the work we are talking about is done in the community by volunteers, many of whom you will know in your constituencies, and that the work they do cuts into all aspects of community life.

If you consider that leisure time involves activities not only for most of us but also for senior citizens and for youth, we are probably talking about supporting the activities that most of us spend the majority of our lives doing apart from our day-to-day work in employment. The amount of concern about this bill, I think, can be seen in a couple of very marked ways. One is, I understand, that some 228 municipalities with a total population of 7.5 million have passed motions in council of concern or opposition to this bill. I believe many of these, if not all of them, have been forwarded to you, and I believe you will have appearances here from some of those municipalities.

Also, and I do not know the number, I am given to understand that you have had a large number of requests from people to appear before this committee, I believe something in excess of 200. Many of the people in this room, of course, are here for the same reason. So there is widespread community concern about this bill.

Having said that, I want to say that we are not here to complain. The work that has been accomplished in the last 14 years through the generosity of the lottery buyers and through the profits that have been passed through to the communities we represent have been nothing short of sensational. Most of you, I am sure, can give me many examples of capital projects, equipment grants, projects of one kind or another in your community that have been made possible by the use of lottery funds. Frankly, the life of every Ontarian has been made richer by the use of those funds. We are not here to do anything but ask you to keep up the good work and, if possible, to improve the resources that are available for these excellent works in the community.

We see this bill, if you can see your way clear to amending it in the ways that we will be presenting, as an opportunity to restate and reinforce your commitment to culture and recreation in this province, perhaps to even increase that support. We will try to demonstrate that an increased support would be put to very good use in this province, and by so doing would turn something that at the moment is sowing a certain amount of uncertainty and fear in the community into another step forward by the Legislature in supporting your communities in culture and recreation.

1410

I think we also need to just remind you of what you already know, that notwithstanding the huge amount of work that is done across the province in the field we are broadly calling culture and recreation, it is supported by less than one per cent of the provincial budget. We think anything we might be saying that comes across to you as a request for more funds needs to be put in the context of a small part of the provincial budget. We cannot and we do not hope to compete with the budgets that are required in areas like health, education and social services, although what we do has an impact in all those areas in a very positive way.

I want to take a moment to go into the background of the passage of the Ontario Lottery Corporation Act in 1975, and in particular into section 9, the so-called dedication section; why that was there and why we believe it was passed unanimously by the Legislature at that time.

The dedication principle is set out in section 9. You are all familiar with it. Put in a nutshell, it says that the profits of the then provincial lotteries were to be used to support programs in culture, recreation, sports and fitness.

The dedication principle, we think, served a couple of purposes. It established a purpose for the lottery funds that the government and Legislature of the day believed would be an acceptable use of those funds, particularly among those parts of the community that were not happy with lotteries. It is no secret to you that the churches and others were opposed to lotteries, and in a sense they were pacified by putting in the dedication principle and establishing that these funds would be used in the way they have been used.

At the time the programs were put in place following the passage of the act by the then Minister of Culture and Recreation, who was Robert Welch at the time, he established a number of important standards for the use of those funds that, as far as I know, are still in place. I think they are worth reminding ourselves about.

One was that this was to be a resource of additional funding for culture



and recreation over and above the funding that was and is in place from the tax base. It was not to be a substitute for taxation or it was not to cause a kind of draining away of tax support as the lottery funds increased. In the main, that is how it has worked, although latterly we have seen some examples that maybe indicate some erosion of that principle. But we think the principle is still largely in place and we hope it will stay in place.

Second, the minister of the day was very concerned that these funds not be used to support ongoing operations. Otherwise, there would become a kind of dependence on lottery funds that was considered dangerous. Given what has happened in 14 years, one would be forgiven for saying: "What were we worried about? We don't seem to be having any trouble selling lottery tickets." But there is plenty of history elsewhere that that can change. California is an example, where they tried to use lottery funds for education and in the process hurt the lotteries.

The funds were to be used for finite projects, mainly capital projects, equipment projects, grants that would accomplish something. The project would be finished and there would be no ongoing dependency on those funds.

The third important standard that was established at the time was that these funds should be matched. They were to be matched either by private donations or by grants from other levels of government. In the main, they were to be matched two to one, or in the case of northern Ontario, it was one to one. The result has been a huge infusion, apart from the lottery funds, of private donations and grants from other levels of government to make these projects happen over the 14 years.

Finally, the public was reminded almost daily what the purpose of these funds was, ie, for culture, recreation, sports and fitness. It was done by the advertising that went with the lotteries for most of those 14 years, it was done by the nature of the graphics on the lottery tickets and it was certainly done weekly on the Wintario draws, when at practically every draw, in just about every community in the province by now, a grant was given for a cultural or recreational purpose. Frequently, those grants were handed over by the local member of the Legislature, so I doubt if there is anyone in this room who does not know the importance of these funds and who has not been involved not only in handing out the grants but in supporting the worthy applications that have come forward for these funds.

Now I want to turn briefly to the concern you have, that the government has and that we have, about the so-called unspent accumulation of lottery profits.

As we understand it, the figure that was given in second reading as to the unspent profits of what we will call the intraprovincial draws—Wintario, Lottario and the instant draw—were in the order of \$370 million, and I think it is safe to assume that that figure by now is about \$400 million. That is the figure we will use for purposes of the discussion.

These unspent profits have built up in all but two of the last 14 years. We believed in the community and we think there was an understanding until not too many years ago that those unspent profits were a kind of IOU from the Treasurer to the ministers of Culture and Recreation. Having been present, I know that as late as 1980, in estimates debates the Treasurer of the day said just that in the presence of the then Minister of Culture and Recreation.

Over the years, there is no denying that that understanding seems to

have disappeared, and I think it is understandable that it has disappeared. There is no doubt that these lotteries have generated more profits than anybody expected. When you add to that the much greater profits of the interprovincial lotteries, profits which are more than double the intraprovincial lottery profits, you can understand the concern of the government, that it has something in excess of \$1 billion there which, the Attorney General (Mr Scott) is telling them, is still dedicated to culture, recreation, sports and fitness.

We in culture and recreation never have believed that the profits of the interprovincial lotteries were dedicated to culture and recreation. We had been given to understand, by virtue of the way in which they were set up by agreements between the provinces and with an administration which, although it was through the Ontario Lottery Corp, was really an interprovincial agreement, that those profits were not dedicated to culture and recreation.

We are not here to argue with the Attorney General; I presume he and others more competent will determine that issue. But we do believe and have believed for 14 years that those unspent profits continue to be dedicated to culture and recreation. Now, \$400 million is a lot of money, but had those moneys been spent as they came in, split as they would have been between culture and recreation, they barely would have kept up with inflation in the needs of the culture and recreation community in this province.

If you look at the figures you have in our brief, supplied by the Ontario Arts Council, particularly if you look at them in uninflated dollars, you will see that on a year-by-year basis we really have not been making any headway in terms of grants from this source, and that those unspent profits would have made the difference. Of course the activity in this province in culture and recreation has increased enormously in the past 14 years, some of it—thank you very much—through the use of the lottery funds that have created additional facilities to make those activities possible and thereby enrich the lives of our community.

I just would like to take a minute to remind you, and I do not think I need to remind many of you, what these lottery profits have accomplished over those 14 years. You will know that in those 14 years, some \$980 million of lottery profits have been spent in the province on culture and recreation. As I say, that seems like a huge amount of money, but if you divide it by the 14 years and think of some of the projects that it has supported in the community, many of which were multimillion-dollar projects and many of which were two thirds paid for by private donations and sources other than lottery profits, you have a measure of why that kind of money has been spent, but you also have a measure of the very positive impact on the communities you all represent.

Most of these projects have been of a capital nature. You will know that across the province we have seen the construction and renovation of theatres, arenas, museums, tennis facilities, youth clubs, galleries of one kind or another, senior citizen centres, cultural centres, libraries, playgrounds and parks. The list is practically endless and again indicates the importance, the success and the impact of lottery grants on the use of our leisure time. If you consider the matching factor, there have been somewhere between \$1.5 billion and \$2 billion of additional funds levered by these lottery profits into your communities, to which you can add the countless hours of volunteer time and the huge amount of volunteer energy that have made all that happen.



1420

One might say, why do you need any more money? There is out there, I can assure you, a significant backlog of unmet community needs in the areas of culture and recreation. You heard during second reading that in the area of Tourism and Recreation, something below half of the applications that come to that ministry for recreational projects to be funded out of lottery profits are granted. Certainly, some of those applications would not stand up on their merits and it is important that if they do not, they should be refused, but most of them have probably been turned down because there simply was not the money in the budget. There was not the money in the budget because the Treasurer for 12 of the last 14 years has held back lottery profits that could have been used to meet those unmet needs.

I am sure a similar story can be told in the cultural area. The Ontario Arts Council has circulated a very good report that I think most of you have seen called a five-year plan, which identifies the future needs of the arts in Ontario. Believe me, some additional use of the lottery funds would go a long way to meet those needs.

The Ontario Arts Council has also circulated a document, which I hope you have read, that talks about the economic impact of the arts in Ontario. If you have read that document, you will know that every penny you care to spend in culture and recreation has a huge multiplier effect in the community and in many cases comes back to the province in taxes. It is an investment, an investment that I think you should continue to make and that you should not fear to make on an improved basis to meet the increased needs that are out there.

It seems to me that this committee would do well to invite representatives of the ministries of Tourism and Recreation and Culture and Communications to come before this committee and talk to you about their experience in handing out these grants, to talk to you about the backlog of applications they have and give you a measure that there are those needs. Should the government and the Legislature, in its wisdom, decide to accept the proposals we are about to make, you would be putting those additional funds to excellent use throughout the province.

We have made two proposals, which I will come to in a moment. I said I did not come here to complain, but maybe I will be forgiven one remark that might sound a little bit like a complaint. That is the issue of the retroactive cancellation of the dedication of these funds to culture and recreation. It would not have surprised us, and in fact maybe we would have accepted it, depending on how it was done, if the last government or the present government—this is an issue that crosses successive governments, so it not just this government that has had this problem—had come forward after 14 years and said: "Look, the funds that are coming out of this lottery are more than you, I or anybody else ever expected. It's time to set some kind of limit on how much we are going to spend and that time has come. So from now on these are the new rules."

We might not have liked them and we might have complained about them, but I do not think we could have objected in principle, at least to that approach. But to come to us after 14 years, year after year of everybody being reminded publicly that these funds were for culture and recreation, and then wipe that obligation out with the stroke of a legislative pen seems to us certainly to be questionable morally. We do not know if it is questionable legally. I am sure the government has taken pains to find out whether it is

questionable legally, but certainly it seems to us to be fairly unprecedented. Therefore, if we have any serious concern, that is it.

Having said that, what we want to say to you is that we are realists. We do not think you are going to give us \$400 million. We know it is not sitting in a bank somewhere. We do not know where the expression "notional surplus" comes from, but we do know that it is called by the representatives of the government in the House "unspent profits." So whether they are in the bank or not, there is an obligation there. But as we say, we are realists.

What we are proposing you do with the unspent profits is to treat them as a kind of trust. Again, we do not expect that you will invest it in the public service superannuation plan or some other worthy fund, but it should be deemed to be a trust and the interest on that amount should be flowed to the purposes for which they were intended. Admittedly, that is going to create an obligation on an ongoing basis of the order of \$40 million a year, probably to be split between culture and recreation, presumably \$20 million each or something like it. That is not a huge amount of money in the matters we are talking about, certainly not a huge amount of money in terms of the provincial budget.

It would create an ongoing resource, since it would be an ongoing accumulation of passing through of interest, which could be used to support operations rather than just capital projects. It could bring back some of the programs in recreation that have had to be reduced or cancelled. It could improve some of the programs of the Ontario Arts Council and others who subsidize the arts on an ongoing basis.

As for the future profits of the lotteries, we understand perfectly why the government wants to rationalize the use of the profits of the six lotteries, particularly after what the Attorney General appears to have said as to where things stand legally at the moment. We understand those profits are annually in excess of \$450 million a year if you are looking at all six lotteries.

We have proposed that in the process of rationalizing the use of those profits, a third of them be dedicated on an ongoing basis to culture and recreation. You might ask, "Well, why a third?" We are suggesting a third for two reasons. First, it is approximately the amount of the profits of the intraprovincial lotteries that until now have been dedicated to culture and recreation and therefore continues the source at about the level it is now. Second, we think that if you were to get the kind of information we are suggesting you might get about ongoing needs out there and applications that are on the back burner in the various ministries, an increase from—I think the level now is somewhere between \$100 million and \$110 million a year—to \$150 million is an amount that is justified by the needs in the community. It still leaves over \$300 million for the government to use for whatever other purpose it wishes to use those other profits.

We pass on whether that should be hospitals. We understand the importance of the health system in this province. If, in somebody's wisdom, that is what those funds should be used for, that is for someone else to decide. We lay no claim to those much larger profits.

Maybe I will just take one more second. There has been some concern expressed in the Legislature about what has been described as our asking for a guarantee of future funding. I think the parliamentary assistant who had the carriage of this bill and who ironically is now the Minister of Culture and



Communications (Ms Hart) felt that the government and the Legislature simply do not guarantee anything to anybody on a perpetual basis.

We believe that is probably right and true where taxes are concerned, but we think that lottery funds are another matter and that they can be committed in some ongoing way. We are not saying to you, "Give this community \$150 million for ever." We are saying that if you are going to continue to dedicate lottery profits, and you are, there is nothing wrong with your deciding how you are going to prorate it. That third might be \$150 million next year, but who knows what it will be in 10 years? It may be less if lotteries fall on to bad days; it may be more if we are lucky.

We do not think that is equivalent to asking you to guarantee ongoing tax funding. We think it can be justified as being quite different. If you do it, you members of the Legislature, members of government, will be heroes in the communities we serve, because you will have made a new, ongoing commitment to the life of this province and to leisure time being used meaningfully through the activities we represent. We hope you will think about doing that.

We understand perfectly that it is not going to happen if the government does not want to do it. If we can be helpful, if there is any interest in this proposal, in working with senior civil servants and others who might wish to examine these proposals with us, we would be more than happy to do so. It seemed to us, as we saw the movement of staff and ministers the other day, that with the parliamentary assistant who had the carriage of this bill now being the Minister of Culture and Communications and with the new Deputy Treasurer being a former Deputy Minister of Culture and Communications, you might put the two of them in a corner somewhere and sort this all out for us, hopefully in the way we have described. We would be grateful.

1430

The Chairman: Thank you very much. I believe that was a very good overview of the bill before us and your concerns with it. I have quite a number of committee members who want to talk to you. I should caution the committee members that we have about six minutes. Mr Laughren caught my eye first, then Mr McLean and the parliamentary assistant to the—

Mr Cureatz: On a point of order, Mr Chairman: Would it be too much to ask about the possibility of getting a few more chairs, because there are a number of people in attendance who are standing. We could fit three or four more chairs right at the back.

The Chairman: We asked the clerk a little earlier to check that out. There are four committees going and there do not seem to be any chairs available, other than the two or three behind us here.

Mr Cureatz: We could even use those.

Mr Farnan: There are about seven or eight chairs up there.

The Chairman: If the folks would feel more comfortable, you could come up and get these chairs and put them along the wall on this side. Feel free to do that.

Mr Laughren: Why do you not call Chairman Mills?

Mr Pelissero: Just let them sit there.

Interjections.

The Chairman: Mr Laughren, go ahead.

Mr Laughren: I will forge ahead even though people are moving around because of the shortness of time. I want to commend you, Mr Johnston. I think you are generous to a fault. That aside, I think it was a good brief. I particularly liked your suggestion of inviting the two ministries to appear before the committee. I do not know whether the committee had thought about that, but I think that would be a good suggestion that we should entertain, to get their views.

On the question of retroactivity, unless something has changed, I have always thought that theft was both illegal and immoral. There is no question in my mind that this money has been taken without legislative approval. It has just been taken. You can use all the nice words you like, such as "notional," but this money was taken and that is why this bill is being passed, to legalize retroactively what the government has been doing. It is as simple as that.

In view of how positive your presentation was, I am wondering whether or not the government members would seriously consider a very small amendment. I do not know whether this would satisfy you, Mr Johnston, with your umbrella group. I know that everybody does not have a copy of the bill in front of them, but the bill reads, "and the net profits of the corporation paid into the consolidated revenue fund in a fiscal year of Ontario and not so appropriated in the fiscal year shall be applied to, and accounted for in the public accounts of Ontario as part of, the money appropriated by the Legislature."

If instead of saying "and the net profits of the corporation," it said—I am not sure I agree with your number here but that is not the issue—"and one third of the net profits of the corporation paid into the consolidated revenue fund in the fiscal year," etc, I do not know whether or not a very simple little amendment like that would satisfy your umbrella group. Do you have a copy of the bill in front of you?

Mr Johnston: Yes, I do. That would be as part of subsection 9(a). The net profits would be paid into the consolidated revenue fund to be used for the promotion and development of fitness, sports, recreation and cultural activities.

Mr Laughren: Yes. I was actually using the bottom paragraph as the words to change.

Mr Johnston: Yes, I see. I think that would solve it in terms of the ongoing profits. Of course, it does not deal with the issue of the accumulated profits.

Mr Laughren: No, it does not. As a matter of fact, on a matter of principle, that is the most offensive part of the bill totally, those accumulated profits that the government is retroactively taking. I will use the word "taking" because I see some of the government members do not like the word "steal," but that really is so offensive in principle, that they are taking that money that everybody assumed was going for culture and recreation.



As you point out in your brief, all the ads said that. Everybody had every reason to believe that was how the money would be spent.

I commend you for the very positive brief, and I hope that if we are able to get an amendment through the committee, you will feel you had a major role to play in that achievement.

Mr McLean: I want to go a little deeper with regard to the percentage point raised. With regard to the amount of money, there is about \$17 million a year that goes into the Trillium Foundation, I understand. I believe over the last several years it has averaged between 30 and 40 per cent that has gone to sports, fitness, recreational and culture groups. As a percentage that would be satisfactory in this bill, would you say 30 or 35 or 40 per cent of the revenue profits from the funds would suffice to fund what I just mentioned?

Mr Johnston: We are saying a third, so it is 33 1/3. We would be open to discussion whether it is 32, 35 or 38. We arrived at that figure in the way I described, that it is the approximate ratio at the moment of intraprovincial profits to interprovincial profits. We have assumed that the Trillium Foundation's needs would be met out of the two thirds, the other \$300 million plus that will still be available to the Treasurer. Presumably he can use \$17 million or whatever he needs of that for the Trillium Foundation and the balance he is free to do what he likes with, although under this bill it would go to hospitals.

Mr McLean: About 4.5 per cent would be what goes to the Trillium Foundation now, approximately, so it was worked out on a base between 35 and 40 per cent.

Mr Johnston: If you look at the \$450 million, which is the profits of all six lotteries, we are getting about a third of it and the Trillium Foundation is getting about four per cent of it. Yes, that is right.

Mr McLean: Do most of the 228 municipalities that represent about 7.5 million people make any recommendations specifically?

Mr Johnston: I think Mr Macintyre will be more able to deal with that than I am and he is on next.

Mr McLean: Okay; thank you.

The Chairman: If I might, this might be a good point to say that I will pick up with the list I have structured after the next presentation, because I think they are related. I would like to call on Mr Macintyre to make his presentation at this point.

Mr Macintyre: I would like to call my colleagues up to the front of the room and thank Bob for an excellent introduction to the issue.

Mr Reyecraft: Mr Chairman, I see Mr Johnston leaving the area for witnesses. Will he be available for questions, then, after?

The Chairman: The chair is a little surprised at the move just now. I thought you were working in tandem, so I thought we could tidy up the questioning at the end of your presentation. You are going to have to introduce the other people at the presenting table for us. We were not aware you were going to have colleagues with you.

## PARKS AND RECREATION FEDERATION OF ONTARIO

Mr Macintyre: My name is John Macintyre. I am chairman of the Parks and Recreation Federation of Ontario. On my right is Gail Andrews who is our vice-chair without portfolio. On my immediate left is Patricia O'Connell who is our vice-chair of government relations and on my far left is Ross Fair who is our past chair.

First of all, we would like to thank the committee for the opportunity to make our presentation today. Certainly, it is a very important issue and one that has been very dear to the federation since the bill's introduction in its first form of Bill 38. I think it might be appropriate to give you a brief overview of what the federation is. We are an alliance of 12 provincial parks and recreation and sports groups representing approximately 8,000 professional practitioners and 370,000 sport and recreation volunteers in this province.

The federation, as I mentioned, has been in opposition to this bill since its first introduction as Bill 38, which was subsequently withdrawn, and in its current format under Bill 119 we have had consultation with the Treasurer (Mr R. F. Nixon) last November. He is well aware of our concerns.

The reason we are opposed is twofold. First, the bill fails to recognize the essential nature of recreation by guaranteeing a minimum funding commitment, and second, it specifically excludes recreation and culture from the unallocated surplus that has been built up in the reserves since 1975. We firmly believe that recreation is an essential service and that it will become more important as the social changes that are thundering across the province continue and intensify in the 1990s and into the 21st century.

When we did speak to the Treasurer last November regarding this legislation, our message was necessarily focused on the economic impact of recreation. Today, our message is certainly much wider and recognizes recreation's important role in and impact on many of society's emerging issues. We have provided the committee with a written brief. I hope everyone has had the opportunity to examine it. What we would like to do is sketch a bare outline and hopefully we will have some time to entertain some questions at the end of our presentation.

1440

First of all, we are certainly pleased that the recent cabinet shuffling of the Premier (Mr Peterson) has added the responsibility for combating drug abuse and substance abuse to the portfolio of the Minister of Tourism and Recreation (Mr Black). Certainly we, as recreation professionals and volunteers, are making the commitment to work with the minister and his staff in resolving this very important issue.

In terms of health care, we believe there are three important points to make: first, that this province has a problem with health care; second, the problem is going to continue to get worse; and third, that recreation can help ease this problem in the long term.

I will just go over it and sketch a bare outline for you. The problem statement is that one third of the total budget of this province is allocated towards health care. In the last 10 years that has risen from 26 per cent of total expenditures to 33 per cent of total expenditures; a per capita expenditure of over \$1,300 in the province. In terms of use of the health care system, we are getting about 100 million uses or visits per year. Certainly



that is something to be very concerned about. We also believe that the problem will continue to get worse. The population is ageing and the resources that are being allocated towards the prevention of disease and promotion of health are insufficient to meet the current demands.

I do not think it is any secret that we are all ageing, and certainly over the coming years the demographics will show a significant shift to an ageing population. The heavy cost of medication and drugs certainly is having its effect; about \$500 per subscriber to the Ontario drug benefit program in 1987-88. Certainly geriatric and institutional care costs are very significant.

The problem really begins to hit home when we realize that the big generation has not yet started to have its impact on the health care system the way it has impacted every other social structure and institution in the province in the past 40 years. Lifestyle- and stress-related illnesses continue to increase and they carry a very costly rehabilitation, both in terms of health care resources and loss of economic activity. At the same time, we believe that resources towards prevention and promotion of health have failed to stem the growth of the problem and that the focus on wellness, recreation and promotion of health initiatives must be increased in the future.

Our third point is that recreation is part of the solution. This is identified in our brief, but there is some research that shows recreation and fitness activities reduce the number of doctors' visits, reduce drug costs, enhance the ability for a person to deal with stress and to increase his productivity in the workplace, to have fewer days of work missed and to have better attitudes towards work. We certainly realize and can predict that these factors would result in dollar savings.

A 1976 study—admittedly it is almost 14 years old—stated that if every Ontario citizen had only an average cardiovascular fitness level, the saving could be 5.5 per cent of OHIP costs in that year. That translates into about \$200 million a year, and with the growth in cardiovascular disease since 1976 we believe it is a very conservative estimate.

Certainly there is more research required. There has been some good material come out of the University of Toronto by Dr Roy Shephard, and the 1976 study that we alluded to, but certainly the existing evidence does support a significant proactive role for recreation in the health care system. We believe that fitness, wellness, sports, municipal adjacency, older adults and promotion of health are just part of the equation, and that down the road we have to look at loading the preventive side of the gun. In closing the health care section, we would certainly like to reiterate what we feel is a very positive and proactive role for recreation in the total health care system.

I would like to call on Patricia O'Connell to talk about the environment and education.

Ms O'Connell: This afternoon, I will concentrate on two areas that are extremely important to the people of this province and the stated areas of importance to this government: environment and education.

First, on the environment, as you heard this morning, parks people have been preaching environmental protection and conservation for decades, long before it became the trendy in word it is today. Parks people have traditionally faced the challenge of preserving nature, wildlife, wilderness, open space, agriculture and undeveloped land. Now we are facing a challenge of

a different sort, that of conserving our cities and towns through the acquisition, development and maintenance of our green spaces, trees and waterways.

Each day the media reports more people and organizations demanding access to our natural resources. One only has to look at the recent findings of the federal Royal Commission on the Future of the Toronto Waterfront to see how critically important our waterfronts, beaches and river systems are to the residents of this province. In a current series, the Toronto Star is reporting the growth of towns surrounding the Metropolitan Toronto region. Towns over 100 kilometres away are starting to experience the same growth and congestion problems of the Metro region.

Cobourg has two or three tracts of land available to develop. Workers are commuting from Cobourg, Port Hope, Cambridge, Alliston and Barrie to the Metro region. These people need the respite provided by a comprehensive green-space system. Parks provide an opportunity to participate in nature, to relax, stroll and smell flowers. Parks provide an opportunity to be among others and see and hear others. They provide an alternative to being alone. In cities, where it is difficult to meet people, parks provide the opportunity in a modest way. You get to see your neighbour and your co-worker. At my neighbourhood park, there is a regular meeting of the doggie club. At three distinct times of day, people who would otherwise never meet come together, exchange pleasantries and talk about a common interest, their pets.

At this point in time, the province cannot turn its back on the critical area of parks, environmental protection and conservation. Funding to the parks sector is essential to a healthy physical environment and the emotional wellbeing of Ontario residents.

I would like now to speak a bit about education or lifelong learning. The costs of the education system in this province are skyrocketing. Demands on the social service system are ever-increasing. The provincial budget cannot continue to meet these demands in the traditional way. Alternatives must be found. Continued and increased funding to the recreation sector is a viable alternative.

Recent trends analysis has shown that the number of years a person works continues to increase. Projections show that in the not-too-distant future people will work up to 60 years; they will hold a series of jobs or will alternate jobs with periods of nonwork. The traditional education system cannot possibly prepare people for this. New immigrants are unlikely to attend school to learn the skills necessary to be successful, but they will go to their local settlement house, community centre or self-help centre. In these settings people feel comfortable and at ease; they see their neighbours. This is the environment, not the traditional classroom, that is conducive to adult learning.

Illiteracy is fast becoming a major problem to be addressed. Again, it cannot be addressed successfully in the traditional way. Young people who have dropped out of school are unlikely to return. They will, however, talk with a street worker. They make friends at the settlement house, they learn to trust. An environment is created where learning is possible.

1450

The province, through funding the activities of local agencies, community and settlement houses can make a difference, whereas these small



groups and organizations, no matter how committed their volunteers, cannot do it alone. They need financial assistance from this level of government. Again, now is not the time for the province to pull back from this obligation.

Mr Macintyre: I would like to call on Gail Andrews, vice-chair without portfolio, for social and community.

Ms Andrews: The Ministry of Tourism and Recreation community recreation policy statement underlines that the provincial government is a major partner in the provision of recreation services. The benefits affect all parts of our society and our communities. The lottery funding available to the providers of recreation services make the level of current service possible. If that dedicated funding is withdrawn, then the social and community services will suffer.

In the recreation department I work for, we administer a budget of almost \$3 million for our recreation park services. That is a community of 40,000 people, a fairly typical small community in this province. I can assure you that without the lottery funding a lot of our services would suffer. I co-ordinate the grant applications and I have done so for several years. The capital funding that is available to us now helped to build a sports complex that houses an arena, a swimming pool, meeting rooms and sports fields. The use of this complex is not limited to our town. We have had up to and including international-level competition in this sports complex.

The capital conservation funding assists in repair and improvements to our existing facilities. Our original arena is over 50 years old. That arena is still operating, thanks to the funding and the support we get in order to keep it usable. That arena is used 21 hours a day when ice is in season, starting next week and it will go into April or May. Many of the people who use these buildings do so without charge. They are volunteers in our community, they are contributing to our community lifestyle and its social atmosphere.

The community development funding supports our organizational effectiveness, or, if you wish to paraphrase that, it is how we do more with less. It supports initiatives for activities to improve the lifestyle of many of our citizens. We are a community fairly close to Toronto and we have a large senior citizens group. Many of them live alone in building towers, and we can afford to give initiatives that will bring them out into the community, help them participate and live a better lifestyle.

I can affirm the position of all the previous speakers. This is an excellent program. The lottery funding does a lot for the people in this province. The partnership works. It still is appreciated. The recipients of this are direct and indirect. The direct recipient of the money in the case where I work is the town; it comes directly to my town, but all the recipients are truly direct. The senior citizen who comes out to a Christmas dinner—many of these people would otherwise eat alone.

The initiatives money that we get helps to support that. Alternative funding does not exist. We cannot afford to take a step backward in the social and community work we do with the assistance of lottery funding. We have the time. We have the people to serve and be serviced. We all need the assured funding to support and assist us where we cannot support ourselves financially in all the social and community recreation services. I have only given you one small town.

Mr Macintyre: Ross Fair on economic impact.

Mr Fair: A healthy and well-funded recreation, sport and fitness sector is an essential economic force in Ontario. Its economic impact can be measured in several ways: as a contributor to industrial growth and development; in terms of job creation; its multiplier effect on the provincial economy; and, as has been demonstrated in this presentation and, I am sure, as you will hear in presentations to follow, as a means of controlling or reducing costs in other areas such as policing, community and social services and health.

With respect to industrial development, the availability of quality leisure services is a priority for industry. These quotes highlight the point:

In 1967, the Ontario Economic Council in a review of the site-selection process of 42 industries in Ontario's smaller towns concluded that adjacency to recreational facilities can be as important to some as adjacency to market.

In a 1980 report, the steering committee on economic development for the municipality of Metropolitan Toronto stated that to attract industrial development, municipalities must maintain a high level of quality of life in terms of the provisions of parks, recreation and cultural facilities.

Finally, in the United States a group called Partners for Livable Places, a Washington, DC-based organization, stated that communities that invest public and private dollars in improving their quality of life have these dollars multiplied and returned to them through subsequent investment, significant testimony to the importance of a quality program of recreation in industrial development of this province and its communities.

With respect to job creation, each provincial grant creates jobs. In the short term, the beneficiaries are the construction and trade sectors. In the long term, it is the community in terms of creation of jobs in the operation of the facility, as much as 200 to 300 person years over the life of the facility, based on a 20-year life span.

Activity: We heard of 100,000 uses per year of community recreation facilities. This creates jobs in the manufacturing, distribution and sales sectors of the sports equipment and clothing industries, as well as allied services, art supplies, goods and services that support the maintenance of the various facilities and so on.

Recreation's multiplier effect in the economy is significant. In a 1984 study commissioned by the government of Ontario, the conclusion was reached that Ontarians spend over \$7.3 billion on recreation on an annual basis, with a typical family spending \$2,300.

With respect to one particular sector within the recreation industry, registered minor hockey players, coaches, parents, volunteers and spectators spend a minimum of \$418 million a year on equipment, travel and accommodation, food and beverages and the like. Even without consideration of a multiplier effect on the provincial economy, these figures are impressive. Utilizing the composite provincial multiplier of 4.0, which was used in the study, it can be stated that over \$29 billion of economic activity is generated in this province, based on the current infrastructure of parks, recreation and sport facilities and services.

Surely it is in the best interests economically of the province to ensure that this ageing infrastructure be retooled to serve the changing needs



of a changing population. This cannot be accomplished with the current level of provincial support and will not be accomplished if Bill 119 comes into law.

Mr Macintyre: I would like at this point to review our proposal. It is the same proposal that the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario has supported; that is, that one third of all the ongoing annual profits from the six lotteries continue to be allocated for the support of culture, recreation, sport and fitness and that those profits be used for projects that are capital and nonrecurring in nature and continue to support the dedicated and leveraged nature of the funds.

Our second proposal is that the accumulated profits of the dedicated Ontario lotteries—the numbers vary between \$360 million and \$400 million—be treated as a trust fund with the annual interest thereon to be allocated jointly to the culture and recreation sectors.

We would like to accommodate as many questions as we can. If I can respond to the one question that was put to Mr Johnston, we have 218 municipalities that have responded to an initiative which we put forward in conjunction with one of the municipalities. They all support the federation and alliance position. That represents over 7.5 million people in Ontario. When we add to that a pre-eminent resolution that was passed at the Association of Municipalities of Ontario convention in August 1988, certainly we feel that all the municipalities are very strongly behind our initiative.

We would urge you to consider the significant impact of proceeding with this bill on the citizens of this province. Everyone in the province has to look first to this committee and to the elected officials to provide the leadership. We want to ensure that that is in place and the quality of life will be maintained in the province. Thank you very much for the opportunity.

1500

Mr Reyecraft: Mr Macintyre, thank you and members of your group for the presentation. I think you did an excellent job of making the point that not only are recreation programs essential in the same way that health programs, education programs, social services programs and environmental programs are also important, but indeed that recreation programs form an integral part of those systems as well. I think it is important that all of us keep that in mind.

I had a couple of questions, if I may, Mr Chairman. The first one is a very brief follow-up to Mr McLean's question and Mr Macintyre's comment about municipalities. There are in excess of 850 municipalities in the province. Were all of them invited to endorse the resolution?

Mr Macintyre: Yes, they were. A resolution was passed at the board of the Parks and Recreation Federation of Ontario and our colleagues at the clerk's department of the city of Toronto distributed this resolution asking for support to all the municipalities in the province. Certainly the 7.5 million people obviously represented the largest chunk of the largest municipalities in the province.

Mr Reyecraft: Did you receive any indication of opinion from the 600 or more municipalities that did not endorse the resolution?

Ms O'Connell: If I may answer, if my memory serves me correctly, fewer than 15, and I would say probably fewer than 10 of the municipalities that responded did not support the resolution.

Mr Reycraft: The remainder simply did not respond to you?

Ms O'Connell: They did not respond.

Mr McLean: On a point of order, Mr Chairman: The point I would like to make is that the county of Simcoe represents 33 municipalities and they supported the resolution backing all the municipalities. So you had one municipality, but you had 33 other municipalities also.

Mr Reycraft: I understand the point, Mr McLean. I know that in my own county, the county council chose not to support it and I think three of the larger municipalities did. I am sure that happened in other counties as well.

I want to ask about the proposed formula that you have suggested about using the interest of the unappropriated surplus plus one third of the total lottery profits. I have been told by Treasury officials that this year's provincial budget allocates \$418 million for culture and recreation programs. Some of that money, but not all of it, is intended to come from lottery funds, even though lottery funds are expected to be about \$500 million.

I guess my preliminary question would be, do we all agree that the provincial government provides money for culture and recreation programs in addition to lottery funds, that culture and recreation programs are not solely dependent on lottery funds?

Mr Macintyre: Certainly not. I think the majority of the \$418 million you are referring to would be direct operating expenses of the ministry itself. Certainly it is not my belief that there are \$418 million in program and facility money actually getting out to the citizens of the province.

If you turn to pages 15 and 16 of our brief, I think the tables there will indicate that there has been a flat-lining in allocations, both in the capital and in the tax base areas for the last several years. Certainly that is a big concern.

Mr Reycraft: Mr Macintyre, you made reference to the ministry. I am referring to funds that are made available for programs that are cultural or recreational in nature, not only by the Ministry of Tourism and Recreation but also by the Ministry of Culture and Communications and, I believe, the Ministry of Citizenship as well. But I do assure you those are not the total budgets of those ministries; it is not administration money that is in the amount.

If that is the case and we look at the numbers that are involved in your proposal, 10 per cent, the interest on the unappropriated surplus would provide about \$40 million in revenue. It was suggested by Mr Johnston that one third of the total would amount to about \$150 million. That is a \$190-million total, much less than the total amount of money being made available in those three ministries to which I referred for culture and recreation programs.

Is there not a danger, in the intense competition that goes on among various groups all across this province for scarce provincial resources, that if we went to a fixed formula such as you have prescribed, indeed governments in the future might tend to look at that as the ceiling rather than the floor for funding for culture and recreation programs, that they would tend to say: "Well, this amount of money is guaranteed to those groups from lottery funds.



Therefore, we do not need to allocate other dollars from the consolidated revenue fund for those purposes"?

Mr Macintyre: If I can make one brief comment, then I will turn it over to Ross. If we refer back to Mr Johnston's presentation, in the founding era of the Ontario Lottery Corp it was clear, certainly from the Hansard accounts, that these were to be add-on funds. These were to be programs that would otherwise not operate and not be funded from the tax base. I think that is an important distinction to make and I think Ross perhaps can expand on that a little bit.

Mr Fair: I believe it is certainly the intent of the federation proposal to identify that one-third figure as the bottom line for capital project consideration. That is the key point of our emphasis. Certainly the funding from those particular ministries does cross over into a number of other program areas, and we certainly have no opposition or concern about that. But clearly our intent was to establish some groundwork around the capital projects related to both ministries.

The Chairman: I am going to have to interject here, Mr Reycraft, because our time is up for this particular group. I appreciate your coming, Mr Macintyre, Gail Andrews, Patricia O'Connell and Ross Fair. I think these two presentations have been very comprehensive and very good. I am keeping the rotation going, so Mike is next, then Bob and then you, Mr McLean.

Mr McLean: On a point of order, Mr Chairman: Perhaps we could get a clarification for the benefit of ourselves and the people with regard to this bill. Is it classified as a money bill, and are we going to be able to make amendments to this bill due to the fact that it involves a money bill as such?

Mr Reycraft: That is a procedural question that I do not suggest I have the answer for.

The Chairman: My clerk advises me that possibly we could get the research person to get the answer to that question for us. I think it is a good question.

Mr McLean: Would the parliamentary assistant be willing to accept amendments? That would be my next question.

The other question I have also is the fact that there is a thing I have heard about and that is Cleantario. Is that going to be a separate bill with regard to lotteries or is that going to be part of this bill?

The Chairman: I do not really want to get into the answer to that one at this point in time, if you do not mind, because we are taking away from the presentation time. I think these are good questions and I think that at the appropriate time they should be asked.

Mr McLean: Maybe some of the delegates would like to ask what is going to happen with regard to Cleantario. Is it going to be part of the lottery? Is it going to be part of this? Is it going to be a separate lottery? I think we should know.

The Chairman: I would like to reaffirm my thanks, ladies and gentlemen.

I call the next group, Toronto Arts Council, June Callwood, Rita Davies and Anne Bermonte.

Mr Cureatz: While they are coming forward, research could also check the original introduction of the bill and whether amendments were allowed at that time and to what degree they were allowed.

The Chairman: It is a good question. I will be glad to check that out for you.

Mr Farnan: Some requested information: Would it be possible for members of the committee to have statistics for the last five years on what the unallocated surplus was for each of those years and a list of the grants that were turned down during the same period?

1510

The Chairman: Again, we will ask the ministries concerned whether that information is available.

Mr Farnan: Why would that not be available?

The Chairman: How do I know? We would have to get it from the ministries. That is all I am saying.

Mr Farnan: Obviously, if there is an unallocated surplus, then that is available. We know there is an unallocated surplus. All we are asking is, how much was unspent and what projects were turned down during the same period?

Mr Reyecraft: Just to add on to that, if that is going to be agreed to, then I would also want to know some information about those unapproved applications. I would want to know which ones were unapproved because they did not qualify under the particular program and which ones were unapproved simply because of lack of funding within the specific ministry.

Mr Farnan: You can do whatever with the information, if you want to add additional information for Mr Reyecraft, but all I am asking for are two pieces of information: How much was the unallocated surplus each year over the past five years and what grants were turned down?

I would also appreciate having a list of all of the municipalities and cities that have passed resolutions in opposition to this piece of legislation. If that is done on a regional basis it would be helpful, but I suppose we can pull out that information ourselves. But I would certainly like that list.

The Chairman: Our researcher has noted your request. I really think that these kinds of requests could come at the end of the day and we should not be keeping our presenters waiting at this point.

Welcome to the presenting table. June, are you the point person this afternoon because your name comes first?

Ms Callwood: Kind of, I guess.

#### TORONTO ARTS COUNCIL

Ms Callwood: This is Rita Davies, who is the executive director of the Toronto Arts Council, and this is Anne Bermonte, who largely prepared the report that I am about to give you.



I am June Callwood and I am on the board of directors of the Toronto Arts Council. I chair the literary committee, and I have done that for the past three years. We are here to speak of our concern about Bill 119.

I would like to give you a small recap of what the Toronto Arts Council is. It is a voluntary, provincially incorporated, nonprofit organization established in 1974 to advise the city of Toronto on the allocation of cultural grants and on municipal policy affecting arts and culture.

The board is made up mostly of professional artists who are knowledgeable about arts and culture and generally represent one of the genres within the arts community. In addition, there are some council positions that are held by persons with special expertise and there are two who are appointed by the city of Toronto to represent it.

The years that the city of Toronto has been supporting the Toronto Arts Council have seen a rapid growth in its support, for reasons which we have been well able to document. This year the amount of support from the city is \$3.22 million and the grants go to approximately 250 professional community-based cultural organizations and to Toronto-based writers, independent choreographers and visual artists.

In addition to the city's annual cultural grants budget, the city also approved the creation of a cultural facilities grant fund with a 1989 budget of about \$1 million, which will enable the city, in partnership with other levels of government and the private sector, to make capital grants to ease the cultural community's workspace crisis, which indeed is a crisis.

The Toronto Arts Council is part of a partnership of government organizations and arm's-length organizations which are supporting the cultural field. For example, the Ontario Arts Council is another and Canada Council as well. We find that with this varied approach, each of us taking a different perspective, jurying them just slightly differently and meeting different kinds of needs, it is the interlocking nature of these various levels of support which makes an important difference in the community.

The Toronto Arts Council is concerned that Bill 119 undermines this partnership and the government of Ontario's commitment and responsibility to maintain a healthy arts and cultural community. As you well know, in 1975 the Legislative Assembly of Ontario voted unanimously on the Ontario Lottery Corporation Act and said that all profits were going to be used for culture, recreation, sports and fitness. Since 1975, successive governments have eroded this legal dedication by holding back some of these profits from the purposes designated, resulting in an accumulated unspent surplus of approximately \$400 million.

The understanding of the arts and culture community is that Bill 119 was designed and introduced to make this legitimate, so that these dedicated lottery funds can be disbursed in a way never envisioned in 1975. Bill 119 does not guarantee any level of allocation to culture, recreation, sports and fitness, which were the original benefactors of the Ontario Lottery Corporation Act, nor does it define an equitable process by which the lottery funds will be distributed.

In addition, Bill 119 proposes to divert the unspent backlog of Ontario lottery profits of approximately \$400 million to the operation of hospitals, which is contrary to the views that were expressed in the 1975 legislation. We are very concerned that Bill 119 will weaken the already fragile health of

Toronto's arts and cultural community at a time when it is trying to cope with the nation's highest inflation level and with unaffordable real estate prices. You may have read how many in the arts community are being driven out of this city in order to find affordable places to stay. In fragmenting, the community loses the support that artists naturally need from one another and that kind of seeding.

Our Toronto Arts Council 1988 report, which has a long title, the City of Toronto Arts and Cultural Community: Financial Trends 1981-87 with Projections to 1999, a highly esteemed report, predicts that support from the government of Ontario, through the Ministry of Culture and Communications to city of Toronto organizations, will decrease from 22.2 per cent of the 1981 total revenue to 14.3 per cent of the total revenue by 1999. This prediction is substantiated by budget information obtained from the public accounts of Ontario.

In constant 1975 dollars, the expenditures on culture and recreation in 1987-88 from the dedicated lotteries were the lowest of the past 11 years. Total dedicated revenues in that time were \$59.6 million and total grants disbursed for culture, recreation, sports and fitness were \$53.8 million, while the total revenues in that time were \$65.4 million; disbursements were \$37.1 million. These figures clearly indicate that over a 10-year period revenues increased by 10 per cent and expenditures decreased by 45 per cent.

Even with legislation designed to guarantee revenues from lottery funds to culture, recreation, sports and fitness, expenditures from this source have been severely eroded since 1975. Bill 119 expands the dedicated purposes of the funds to include the Ontario Trillium Foundation with all unappropriated funds at the end of each year going automatically to underwrite the operation of hospitals. How then can the government guarantee that support to culture, recreation, sports and fitness will not continue to erode under Bill 119?

The Treasurer (Mr R. F. Nixon), in responding to numerous letters expressing concern over the bill, stated:

"At this time there are continuing pressures on the government to increase funding for health care in Ontario. In order to meet the high quality of health care that Ontarians demand, funding alternatives such as the lottery proceeds must be considered. I believe the provision of residual lottery proceeds to help fund the operation of hospitals is therefore an appropriate use of these funds."

I am sure you are familiar with that quote.

Should Bill 119 receive royal assent, the \$400 million unspent surplus which will be applied towards the operation of hospitals will not relieve the government of any pressure since the funds only exist on paper. Hospitals will never see any of the cash.

It should also be noted the government has funding alternatives, the revenues of interprovincial lotteries, which are much larger than the revenues of the dedicated lotteries. Revenues from these lotteries have been spent on purposes designated from time to time by order in council, mainly for health and environment needs and concerns.

As of 28 February 1989, the Treasurer of Ontario's then parliamentary assistant reported to the Legislature that the interprovincial lotteries had an unspent surplus of \$932 million. The Ministry of the Attorney General has



given the opinion that the profits from all six lotteries are currently covered by section 9 of the Ontario Lottery Corporation Act and therefore are dedicated to culture, recreation, sports and fitness. This amount would be in excess of \$1.3 billion, based on figures quoted in Hansard.

1520

There is also the moral question of whether a crucial service such as health care should be dependent on the vagaries of lottery revenues. It is interesting to note the government spends \$400 million a day on health care and \$5.5 billion annually on hospitals. If the pattern of the last few years continues, with unallocated surplus from the dedicated lotteries averaging \$20 million per year, these funds would be used up by Ontario's health care system in under a day.

The impact of the residual proceeds from the dedicated lotteries on the health care system is insignificant when compared to this sector's real need. However, if the funds are applied to support Ontario's arts and cultural community, the effect is extremely significant. For example, the economic impact of the city of Toronto's nonprofit arts and cultural community activities during 1989 will be \$900 million. That is for the city of Toronto. That is the amount of money generated by the arts and cultural community in the city of Toronto.

Taxes generated by this activity and collected by senior levels of government will total about \$135 million, an amount considerably higher than the totals of provincial and federal arts subsidies paid to Toronto artists and art organizations.

The Toronto Arts Council believes that many outstanding needs exist within Ontario's cultural community which have not been justly served and is concerned that the provincial government is proposing legislation which will artificially create unspent funds by continuing to ignore these needs.

We propose the following amendments to Bill 119. First, the accumulated profits of the dedicated Ontario lotteries, \$400 million, should be treated as a trust or investment fund and the interest thereon should be allocated annually for the support of culture, recreation, sports and fitness. Since these interest payments would be available on a continuing basis, it would be appropriate and acceptable that they be used to supplement operating grants and subsidies as described in the five-year plan of the Ontario Arts Council. Second, one third of ongoing profits of all six lotteries should be allocated to the support of culture, recreation, sports and fitness. These ongoing profits should continue to be used for capital projects and other nonrecurring purposes.

I would add just one thing. Whatever side of the fence you might have been on in the recent dispute over whether free trade would be good for this country, I think there is unanimity in feeling that the nature of the country is increasingly dependent on what it can generate from its creative community. This is where the distinctiveness of the country is going to be found as we increasingly become multinational in our corporate and commercial structure. This is one of the most precious assets left in this country and it is a nonrenewable asset if it is not supported. Bill 119 would be a very serious blow to that resource.

Rita Davies and Anne Bermonte would be happy to answer all technical questions.

The Chairman: Mr Callahan is next on my list.

Mr Callahan: I recognize that you spoke of the specific designation in the proposed bill with reference to funds being directed to the Ontario Trillium Foundation. You understand why that is. Back in the days when the municipalities were running their own lotteries, in order to get them out of that field because they were competing with the provincial and, I guess, even with the interprovincial, they agreed to make available \$15 million annually for charities. Of course, this section, as far as I read it anyway, does nothing more than legitimize what was made as a promise by, I guess, the Ontario Lottery Corp. It was really being paid without any authority. I am sure you are aware of that.

Ms Callwood: I am aware of that, and I am not opposed to the Ontario Trillium Foundation at all.

Mr Callahan: Okay. I like your presentation. All of them thus far have been interesting. Certainly I agree with you that a province or a country or a city without culture is one without a heart, but what I would like to ask you is, you are the second or perhaps the third group that has come before us and asked for a specific amount of the ongoing profits to be allocated to culture, recreation and sports. Do you have any concern that if you do that, you may find in a particular year that the need may exceed the funds available? That is the first thing. Let me explain why that concerns me. In the past, one of the great objections I had to the use of these funds—and I do not want to offend my good friend on the opposite side—was that the former government used this as sort of a way of looking after the people in your community for more than just what they needed, but sometimes at very unusual times, for instance, just before an election.

Mr Cureatz: You guys will never be found guilty of that.

Mr Callahan: I do not think we have been accused of that yet.

Those were the things that concerned me, and I am sure they should concern every taxpayer of Ontario. What you were doing in some areas was inviting people to apply for things that perhaps they did not need or could have done without, particularly in light of our significant cost in terms of health care—one third of our provincial budget—and with all of the other needs; all of the things that are becoming apparent today, which you would be very familiar with, I am sure—many of the things that we have to fund that we never even conceived of having to fund before.

How would you deal with two things—the first question is: if you were guaranteed a third and the profits dried up but the need was greater than that third, how would you deal with that? You would not have access to any more than a third. Second, how would you prevent applications from being made that were, in light of more important matters coming to light in the future that we are not aware of now, in perhaps bad times? How would you deal with those two issues?

Ms Callwood: I will just say briefly that the guarantee is a floor. We do not see it as becoming the maximum. We assume that in their wisdom, legislators would appreciate that something had to be adjusted. Would you answer, Rita?

Ms Davies: To whatever extent you are suggesting that cultural moneys may be used as a political pork barrel, the first part of our



recommendation, in terms of the endowment being set up with the accumulated, unspent surplus, is that those funds be dedicated through the Ontario Arts Council for ongoing operational grants and grants to individual artists. That is an arm's-length process which is not subject to the kinds of pressures which I believe you are suggesting in your statement regarding the previous government's tenure.

In the second part of our recommendation where we suggest that a third of ongoing profits of all six lotteries be dedicated toward capital projects, the need for capital moneys for arts facilities in the entire province has never come close to being met. Certainly in the city of Toronto, which is our jurisdiction, there is a need in itself, as June eloquently said, particularly because of the market realities of the downtown core and of the whole city.

Speaking for the city of Toronto, there is no question that the need has never come close to being met in terms of capital. For the rest of the province, I am informed that is also the case. There is a report which was prepared for the Ministry of Culture and Communications, which was called the Gelber report, prepared by Arthur Gelber for Lily Munro two or three years ago I believe it is now. It has never been released. The intent of that report was to quantify the capital needs of the arts community, first in Toronto. I believe the second step was the rest of the province. The report has never been released. We can only conjecture as to why the findings of that report have never been released.

Mr Callahan: I did not get from the presentation that you were talking about the third being just a minimum.

Ms Callwood: I am an optimist.

Mr Callahan: The thing that frightens me, quite frankly, is the concern that this province has to face in terms of the people who are without homes. If we go the same route as the United States where 1.8 million people are living in holes, caves and so on in the state of California, surely to place that type of constraint on funds, be they lottery funds or whatever, is perhaps, would you not agree, a little tough to take?

1530

Ms Bermonte: I would like to point out that actually most artists live well below the poverty line. In fact, those are the people you are talking about. Using that to support the cultural community, in a sense you are addressing two problems. You are addressing the lack of sufficient funding that exists in the community and you are also addressing the social and housing problem that exists generally; and I think that is very important.

I would also like to address your first question about, what happens if we do not get enough money in the lotteries in one year to cover the needs. That is what has happened for the last 11 years. It is not that we have not earned enough, it is just that it has not been spent efficiently enough to cover all the outstanding needs. In fact, we have been dealing with this problem theoretically. There was more money that came in that was expended and there were outstanding needs that were not met because the money was looked at as a surplus and perhaps spent on other items.

Mr Callahan: Thank you.

The Chairman: Mr McLean, you are still on my list.

Mr McLean: June, what is your opinion with regard to if this Cleantario lottery comes? What is going to happen with regard to the funding now? Are you concerned about that—your group?

Ms Callwood: I am concerned about lotteries, but you do not want to hear my moral position on lotteries, do you?

Mr McLean: I am really not looking for that. I am really looking for some input with regard to what could happen if we got a third of the funding for lotteries and the government brings out another Cleantario lottery in opposition to this one.

Ms Callwood: I find that the poorer people are, the more vulnerable they are to buying lottery tickets; and since poverty is increasing at a great pace in this country, I assume lotteries are going to do very well.

Mr Cureatz: If I could, a supplementary then? The spinoff would be though that Cleantario will be doing well. We do not know whether the Cleantario lottery will be part of the overall funding of these other lotteries. If they are part of the overall funding—therefore a portion of that will be going to Cleantario—this would mean less of an apportionment to sports, recreation, etc.

Ms Callwood: I hate to see this kind of argument being raised all the time, that if culture gets what is reasonable for culture to get from government support, we are taking it away from starving children and homeless old women. I think this is a bountiful economy, and if properly managed we would not have to have these choices.

Mr McLean: I presume the parliamentary assistant is going to have an answer to those previous questions that I asked with regard to the availability of amendments to the act.

The Chairman: Yes. We are looking into that. Thank you very much, June, Rita and Anne. We appreciate your coming.

The Chairman: Our next presentation is on behalf of Toronto Artscape Inc and the presentation will be made by Judy Stephens-Wells and Tom Fulton. If you will approach the presenting area, we would appreciate it. We are the midway in the afternoon, and I would like to reaffirm that the presentations are half an hour in length. I am noting that we are starting at 3:35 pm. You may use any or all of your 30 minutes to make your presentation. As you have probably seen sitting in the back row there, the gang fills in the space that is left over, usually. So if you would proceed, I would appreciate it.

#### TORONTO ARTSCAPE INC

Mr Fulton: Thank you very much. We are happy, of course, to be here, along with all the other people who have made presentations. I am one of the mixed group of people in the cultural sector, that is, folks who work part-time. In my case, I am a freelancer; I produce arts programs on CJRT. I do news in the morning there; I do a talk show on social issues in the evening on Wednesday; in the volunteer sector, I work for the Esprit Orchestra in terms of the marketing and promotion, its contemporary music program; and for Toronto Artscape Inc, I am the president, trying to develop space for artists in downtown Toronto.

I cannot imagine any other industry that has so many people who do such



a mix of things both for volunteerism and for money. My colleague the executive director of Artscape, Judy Stephens-Wells, will touch on the specific issues relating to the hard-core facts about our presentation.

I just want to say a few things. One, I urge committee members to listen very carefully to all these great submissions that have been made. In some cases, these people are talking about theories, industries and ideas that may be a bit foreign to you, but I think they really deserve a good hearing.

No one wants to reduce medical care or ignore deficits in any area, although probably some people feel that medical moneys could be spent in some better way. Certainly, a lot of money is being spent on it, but we do not want to pit culture or sports recreation against health care. That is up against mom and apple pie. Nobody can do that. We would not want to pit education against health or health against public safety and the policing.

I figure that the goal of tax dollars spent is to produce a healthy, happy, productive and safe individual/taxpayer, although some cynics, I guess, would suggest that the goal of tax dollars is to buy votes. I do not go along with that.

I hope the day of art for art's sake is not over. At least right now, it seems to be not quite in vogue. Now art is expected to produce a balance sheet: How many real jobs? What is the economic impact? In some cases, can arts—the cultural industries—be imported cheaper, à la our American movies that come up here and play with far greater prominence than the Canadian product?

I have been doing Beyond the Arts program at CJRT since 1975, and we deal with all sorts of arts, from music to opera, dance and literature. It all comes through. I see the problems that these people have and I try to promote some solutions. The cultural industries are catching on. They are learning to market more aggressively and to band together for support and join forces more often with the commercial sector for mutual benefit; even with developers.

The cultural industries are even starting to do some hardball lobbying. Now, that is great; I support that. But the problem with these activities is that they take precious and scarce resources, be that money or people-hours, from the production of art: the creation of paintings and drawings, prints, sculpture, dance, theatre, all the performance arts, the creation of literature and cinema, records, concerts, etc.

I think that we in the cultural industries need to make more taxpayers and politicians aware of how valuable the cultural industries are, not only in hard cash—and Judy will have some very interesting figures on that—but also in contributions to an improved, superior quality of life. It sounds a bit like a commercial. We should do more of that.

Toronto Artscape, the organization that I am representing today along with Judy Stephens-Wells, is attempting to deal with the affordable-space crisis in Toronto from the individual artists' and the nonprofit cultural industries' point of view. During our research of the issues over the past few years—Judy will speak more on that—we were surprised to learn the extent of the economic impact of the arts in Toronto, Ontario and Canada: from providing draws, that is, a focus for tourism and conventions—one of the reasons that the Shriners were here recently is because Toronto had so much to offer in terms of entertainment for them—to the developing and training and feeding skilled personnel to general profit, as opposed to nonprofit, organizations. I

think that was touched on earlier, that a lot of the development, the training and the education is supplied by the nonprofit arts sector to people who then become designers or—who knows?—housepainters in the profit industries, but they learn in the nonprofit industries.

1540

I think the cultural industries are learning to be more efficient and more aggressive. We are certainly getting to be better marketers, wherever time and money allows. We are working hard under difficult conditions to improve our product and make the accessibility to the arts easier.

This means folks in Toronto go out all over Ontario. There are lots more concerts, theatre, bus and truck tours going to every part, from Kenora to Kingston, all over the province, trying to put out the arts or that happy feeling you get when you see a good concert or a good piece of theatre or listen to a poetry reading, God knows. We are trying to put this out all over the province.

You look like a tough bunch, frankly, so I think Judy Stephens-Wells should now speak on some of the really hard-core things that we have discovered in the last couple of years.

Ms Stephens-Wells: Just to set it in context, as Tom has said, Toronto Artscape is a nonprofit organization whose mandate is to generate secure, affordable work space for artists and for their organizations.

A word here: We were formed in the face of a crisis and that crisis was the escalation in real estate values in the city of Toronto. That led to an escalation in rental rates, and by need, most arts organizations are in fact tenants, not owners. It is only rarely that we have organizations that own space, or artists, for that matter, who own space.

We were finding that our organizations and our artists were being pushed out time and time and time again from their premises. As a result, they were depleting their resources in refurbishing new premises to try to make them usable, in many instances with the assistance of lottery moneys. That has been a critical element of investment in the arts community coming from the lottery funds.

As well, they are investing much of their money in development of new marketing strategies that will take their audiences to those new locations, and that is not an easy task. To transport an audience from an old theatre to a new one, an old gallery to a new, takes a lot of work, a lot of money, and in a context in which resources are scarce, that is at great expense to the organization and what it is able to do.

From that basis, I am delighted to have a chance to be here this afternoon and offer a few comments to you.

The first thing I would like to do is look at the larger context, because I think often the arts are looked at as something over there in a little sphere of their own, and indeed I do not see them as that at all. They are instead, in my view, an indispensable component, along with recreation, fitness and sport, in providing essential services that we need to create a humane environment for a quality existence.

Therefore, in my view we are part of a global health care system/social



service network. We each play, in our respective roles, a very critical part in providing for the physical, the emotional and the spiritual health of Ontarians, and in a sense that becomes a preventive health care role. I think you have heard substantively from the recreation and sports sector about the physical side, the benefits of enhanced activity, and I think we ought not to overlook the very great importance of the arts in addressing the emotional aspects.

We are also a sector that has been active in therapeutic treatment of existing illness and disease, both physical illness and emotional illness. Increasingly, the arts are being recognized as a therapeutic vehicle that can be used to help individuals recover and develop skills they need to survive comfortably and independently.

I think in that respect we are finding enormous leadership being provided in very innovative projects, such as the artists in the hospitals project which has been very well viewed in Manchester, England, which integrates artists into the hospitals and health care clinics as a means of humanizing that environment and providing therapy. We have also seen very active leadership in that capacity in projects like the New York City audiences in the hospitals program.

I think it is important as well to look at the larger environment in which we are functioning today. It is one in which we face enormously changing demographics. Many centres have experienced substantial growth. We have an ageing of our population with its associated problems of isolation for many, of depression for many as well, and illness. We also have a generally increasing level of education being achieved by our population and changing work patterns, whether those are altered work schedules, more part-time work, more two-career families, more women in the workforce, and more stress indeed with all of that.

It also is an environment which I think is most accurately characterized by rapid change. Indeed, we seem to hear regularly from the business sector about the need for innovation and flexibility. I think the arts are critical in their capability to generate people who are responsive and capable of being creative, innovative and flexible.

In all aspects of planning and policymaking today, there seems to be enormous, and quite rightfully, emphasis on the issue of quality of life. There is also much concern about many problems, concerns related to stress, racial conflict, the anomy of the urban environment, the alienation of youth, poor health, a general lack of a sense of wellbeing experienced by many. It seems, in fact, that many of the structures in our society isolate us as people, whether it is the isolation booth provided by one's car, by one's high-rise apartment or by one's suburban neighbourhood, remote in many instances from other activities.

By contrast, the arts are a social activity. You cannot carry on the arts by yourself. You need a creator and you need an audience member of some sort, and thus begins the dialogue. It is a vehicle through which we transmit our cultural heritage. It helps develop the individual, his sense of identity, and it also helps break down some of those antisocial attitudes. In many respects, it serves as a vehicle for communication and it is part of the struggle of making sense out of the very complex environment we live in, which is challenging for many and leads to frustration for many. That frustration expresses itself not always in positive ways. We are seeing growing violence and growing problems with those conflicts emerging.

As well, I think it is worth noting that the arts have been a major vehicle for other kinds of education. We see, for example, today the arts have become a significant and powerful vehicle in the whole program of AIDS education. It is a collaboration between the arts and the health care system that has worked very effectively on many fronts.

I think increasingly we are recognizing the merits of physical, artistic and recreational pursuits, all of which are working to contribute to an enhanced sense of wellbeing in our population, to reduce stress and to nurture creativity and innovation.

But I think you cannot stop at the quality-of-life issues, and they are substantial ones. I think you have to go on and look at the economic side of the picture, because of course, as you wrestle with the books, it is the economics that finally come to rest, in many respects, as critical points. So I think it is important to look.

For example, our best data come from the 1984 census, which tells us that relative to 22 main Canadian manufacturing industries, the arts were the largest with respect to its number of employees, the fifth largest with respect to the salaries and wages which were paid out and the ninth largest with respect to the revenues generated.

Then you have to take into account the multiplier effect of the revenues generated. It is not money that gets spent once and sits dead in a bank account. As was mentioned in the context of our last submission, the average income of Canadian artists runs 30 per cent to 38 per cent below the national average for the labour force in general. That means those wages and salaries that are paid out do not sit in bank accounts for long periods of time. They pay for food and shelter immediately. They are reinvested in the community immediately.

I think as well we need to look at the tax revenue side of the arts. While many arts organizations and many of the community facilities you are looking at in the context of lottery moneys may run on a break-even or deficit basis in some instances, it is important to recognize the taxes that are generated.

I refer in that context to comments made by the Special Committee for the Arts, a committee which reported to the Ministry of Culture and Communications in 1984, chaired by Mr Macaulay. That committee reported, "It is enough to say that the income, business, sales, excise, land and other taxes arising from the arts industry can be assumed to exceed by far the contributions that all levels of government make to the arts in Ontario." I think when one looks at how one is investing money in the arts, it cannot be without a view to the fact that that, in turn, generates money right back to government. It is, in essence, a profit centre for government.

The arts are also extremely labour intensive. As has already been reiterated, there is a fabulous network of training being offered within the arts sector, which takes people back not just to nonprofit and artistic activities but into the larger business world as well.

1550

When you look at employment, I think it is also important to look at the fact that the unemployment rate within the arts, based on 1981 statistics, which are the most recent I had access to, was six per cent, whereas it was



seven per cent within the labour force in general. So I think that speaks well to the skill development that does take place within the arts and culture.

But when you look at the economic side of the arts, it cannot just be dollars and cents: If we spend a dollar here, what do we get back? There are other important aspects of the economic impact of the arts. I would go back again to the Special Committee for the Arts, which stated:

"The arts also offer economic benefits to the province which are both substantial and complex. The committee is convinced that the arts make a significant impact on the economy of the province and we are concerned that this should be appreciated by the government as it establishes funding levels for the arts. We regret what appears to be a resistance of Treasury and other officials to interpretations demonstrating this impact and we believe that the economic value of the arts to the province and to individual communities and municipalities continues to be underestimated by some provincial and municipal politicians."

Also reiterated by that committee was the important role—and it gets proven time and time again in studies—of the arts in holding and attracting industry. As one looks at the whole process of relocation of industry, of the financial sector of all kinds of businesses, the value of quality of life in the community and hence the assessment of the presence of the arts in a community are a critical role in that process. Without a lively cultural life through which one can assure a good quality of existence in a particular town or city, one has a very difficult time at attracting and hanging on to ones' business and industry activities.

Also, the arts now are increasingly being relied on as a tool for urban development. You hear about them being used by many cities and towns for economic development purposes, for neighbourhood development purposes; in fact, perhaps artists are too effective in that vein. We have seen it in Toronto with the Queen Street West and Yorkville neighbourhoods. Typically artists move into neighbourhoods which are affordable at the time, frequently derelict, they turn derelict premises into usable and indeed attractive premises. They create an ambiance in the neighbourhood of comfort on the street. There is a flavour to the community which emerges. People are comfortable and small businesses start to follow. So there is a gentrification process which emerges very rapidly in many instances. Artists have created two successful neighbourhoods, I think, and their organizations move in looking for security and are pushed out by escalating rental rates that the market can then command.

Perhaps one of the best reflections of that is graffiti we saw in Montreal, which stated, "Artists are the storm-troopers of gentrification." It is proven true far too often.

It has also been reiterated in all sorts of planning texts that cultural amenities either within or in proximity to redevelopment areas have proven advantageous; again, coming back to the point that they may individually run at a deficit, but the multiplier effect of their presence in the community is substantial.

I think it is also important today to look at the particulars of the postmodern economy of which we are a part. I think what is noted as the most specific characteristic of that economy is the emergence of a narrow-cast market. That is a market which may be small in numbers, but which is economically viable. As a result of that, rather than having some entities

manufacturing two or three competing products, you can have several manufacturers manufacturing all different styles and models. What becomes the key criterion in making a purchase?: design. So one needs to look at the relationship between the fine arts, the commercial and applied arts, and the amateur arts activities, because in my view they are a package and unless all three thrive, none of them can survive on their own for any period of time.

In terms of the leadership within industry, it is worth looking at a couple of models in history. The earliest I can take you back to is in Britain in 1814. There had been special legislation which was in place until 1814 governing the training and employment of artisans. As part of a process of deregulation, this legislation was abolished and they found subsequently that they ran into problems with respect to the quality of production. This was encountered in particular within the textile trade. So they struck a select committee to try and explore the problem and see what its solutions were. That committee called for the direct application of art in manufacturing in order to maintain competitiveness. The result of that legislation was the creation of schools of design.

Similarly, we see that followed up in Massachusetts in 1870. It was, in fact, the first American state to make art education a requirement of the public schools. They did so with passage of the Drawing Act. That too emerged because of concern on the part of manufacturers about their disadvantage in competing with their European counterparts, all of whom had been afforded training in the arts.

So we see the implementation of arts training there, and about two decades later we saw that followed in Canada. It was at the time of that being incorporated into the Canadian context that the eminent economist Alfred Marshall noted the importance of art to economic life when he said: "The development of the artistic faculties of the people is in itself an aim of the very highest importance and is becoming a chief factor of industrial efficiency."

So I think we have looked at the relationship between the fine arts, the commercial and applied arts, and the amateur arts and pointed to the importance of keeping all three alive. When we are speaking in this context, it is the fine arts that I am addressing my comments to, most specifically in terms of looking at the negative repercussions of discontinued or diminished lottery support of any type to the projects that have been supported in recent years.

In the Ontario context, beyond the issue of quality of life and the economic sides of the arguments, the other issue we have to look at very carefully is identity. We are a very unusual province in this country. We have such a high proportion of cultural activity housed here and we have so many towns, villages, small communities and large cities whose reputation is really hinged almost entirely or very substantially on the arts. In Toronto, it is that ongoing diversity and mix of cultural activity. We have the Stratford Festival in Stratford; we have the Guelph Festival which has brought terrific acclaim to Guelph; we have Niagara-on-the-Lake with the Shaw Festival; we have the music festival each summer up in Parry Sound; we have the Sharon Music Festival. Those have done enormous amounts to make communities viable, to make them alive, to make them wonderful places to live.

In a recent conference that the city of Toronto held as part of its CityPlan '91 process, Robert Fulford was the keynote speaker and in his speech he said: "City life depends on the arts. There has never been a great city without important painting, music, theatre, architecture and literature."



Politicians organize a city but it is the artists who create a city's identity. Business keeps the city alive but the arts give it a reason for living. Commerce is doing all it can to make each city feel like every other city. Go to a downtown mall in Vancouver and you will find precisely the same stores you find in Toronto. Art is almost the only available antidote to this life-killing sameness.

Though we have touched upon the arts in the context of quality of life and in terms of economics, leadership in industry, and looking at its ability to generate profit within government, I would like to go back very briefly to the particular concerns of the arts sector. What has the lottery funding meant in the past to the arts sector? For one, it has been a critical element in funding improvements to derelict facilities that were otherwise useless and without which organizations would not be able to bring their works to the public or could not bring them to the public in a form that was acceptable to the public, was safe to the public or was accessible by the disabled.

It has provided special equipment so that organizations like our own, with minimal staff, can operate with a computer and enhance our efficiency enormously, network with other organizations, share work and resources and get our work done more effectively.

It is also, in current times, fostering the collaboration among arts organizations in sharing space and doing so very positively, because that too has generated some efficiencies in their operation and some positive returns in the context of their marketing programs. They have also been a very important tool in the context that we bring moneys from the private sector. I am sure you know, even more than we do, the importance of leveraging money from the private sector. There has been no better mechanism for doing that than going with an assurance of matching dollars through the lottery funding.

The arts sector is one which is very productive, very efficient and very vulnerable. It needs the kind of support which the lottery funds have provided in past years in order to survive.

#### 1600

In terms of looking at that need for commitment, I again would take you back to the Special Committee for the Arts, which identified the need for continuing support when it said: "Underlying all our recommendations on funding of art and culture is the belief that the arts must receive a continuous commitment from all levels of government. The arts are labour-intensive and their prospects for productivity gains are very limited. The arts promote tourism, trade, urban growth and regeneration. It is only with secure public subsidy that arts organizations can approach sources of private and independent funding. Without it, the arts would not serve the province or the nation."

I think it is ironic, as well, to note that at this stage we are here discussing how to deal with the accumulated surplus. Indeed, one can rely on a report prepared by Ekos Research Associates Inc for the Ministry of Culture and Communications, which was its capital policy review, background study 2, prepared in 1987, which reiterated that the demand for capital support within the arts far exceeded government's ability to supply funds. It is a mystery to me that in the context of that understood and recognized excess demand, we have been in a position of accumulating surplus.

Thus, I would submit to you that the arts are a vital component of our

community and that they, along with culture, recreation, fitness and sport are indeed essential to the health and wellbeing, as well as the identity, of the residents of Ontario. Many have told us we should not be concerned about Bill 119 and have offered their verbal assurance that it is not going to affect our future funding. As I read Bill 119, that is not what it says. As a result, I would join with the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario and also with the Toronto Arts Council in their recommendations as to what should be done in place of proceeding with Bill 119.

I would support the notion of establishment of the endowment, with interest being used to generate further grants to the sector originally designated. I would also support the designation of one third of ongoing profits to the same sector. I thank you for our opportunity this afternoon to make comments.

I think the other important note, in response to an earlier question about the establishment of future lotteries that may have an impact on all of this after the fact, again goes back to the Special Committee for the Arts, which made particular note in reference to the fact that government should be very cautious in ensuring that future lotteries established federally or provincially do not deplete support to the arts.

Mr Laughren: I thank the presenters. It was a very good presentation. I could even refer to you as the storm-trooper of civility. I very much liked your presentation. I was hoping that you would have a written copy of your brief at some point, if not today.

Ms Stephens-Wells: I can provide that to you. The other thing you might find of interest is the report I co-authored, which has been published by the Toronto Arts Council, called No Vacancy, which documents the extent of the space crisis as it is being encountered within the Toronto context specifically.

Mr Laughren: Is there a policy of displaying artists' work in Ontario government buildings?

Ms Stephens-Wells: There are certainly some venues available for display. I cannot speak to the question of a standardized policy for display of works, but there are, for example, venues in the Mowat Block. I believe also that a number of government offices participate in art rental programs through the Art Gallery of Ontario, Visual Arts Ontario and out of their own archives.

Mr Laughren: Have you ever heard of the Gelber report?

Ms Stephens-Wells: Yes, I have indeed. Arthur Gelber is one of the directors of Toronto Artscape. He has also shared in various readings and editing of No Vacancy. I think in many respects the concerns, as I take it, that were set out in the Gelber report are indeed very similar to those we have set out in No Vacancy. We were somewhat frustrated, in fact, to have to go through the process of writing No Vacancy, recognizing that much of that field work had been done. I think there has been some frustration for the community which seems to be called upon time and time again to collect resources and make submissions in a context where in many instances they have generated little or no positive benefit.

Mr Laughren: I wonder, Mr Chairman, if you would agree with me that we should ask our clerk to obtain a copy of the Gelber report. I presume it was done at public expense?



Ms Stephens-Wells: Yes, I believe it was.

Mr Laughren: Therefore, it should be available to this committee. I think it is called something like the Gelber report on the needs of the arts community or something of that nature. I think it would be most appropriate for this committee to have a copy of that report.

The Chairman: We have noted that. Thank you very much, Judith and Tom. We appreciate your presentation.

Our next presenters represent the Kitchener Waterloo Symphony: Douglas Brock, president, and Barry Cole, managing director. Welcome, gentlemen. I would like you to start by saying which one of you is which.

#### KITCHENER-WATERLOO SYMPHONY ORCHESTRA ASSOCIATION

Mr Brock: Thank you for the invitation to appear in front of this committee. My name is Doug Brock and I am the president of the Kitchener-Waterloo Symphony Orchestra board of directors. To my left is Barry Cole, who is our managing director.

It looks as if you are being sort of arted out this afternoon, so we will try to keep our presentation to less than half an hour, to 20 minutes, and allow you some questions or some free time. Barry is going to try to put our organization into the context of our community and the Ontario Arts Council, etc, and then at the end I will focus briefly on what I see are the few problems facing this committee.

Mr Cole: Often we find that the arts community is defined by the very large international companies that are resident in Ontario, like the Stratford Festival, the Toronto Symphony Orchestra, the Canadian Opera Co etc. These are companies with budgets of \$15 million to \$20 million, but there is most decidedly another reality and that is where the Kitchener-Waterloo Symphony is. We are the second-largest orchestra in this province, but our budget is \$2.8 million. We have 52 musicians, 16 of whom play in the Canadian Chamber Ensemble. We have a 60-member youth orchestra. We have 13 on administrative staff, 35 on the board of directors and 70 active women's committee members. We present 100 concerts a season. Last year, 13 of those were in Ontario on a tour and 14 were in South America on another tour. Most of our concerts are in the Kitchener-Waterloo area.

We provide school concerts and a specially designed educational program for 14,000 high school kids and public school. We sold 90,000 tickets through concerts. We provide discounted prices for students and senior citizens, and 32,000 people participated in that last year. For elderly people in nursing homes, we have provided 3,000 passes for free dress rehearsals so they could go to hear some classical music.

Our market area is Stratford in the west, Paris in the south, Brampton in the east and Hanover in the north. For our school concerts, in fact, we draw from a wider area; we go as far as Lake Huron and Georgian Bay, Mississauga on the east and Brantford on the south.

Our reality is that our musicians are paid \$11,745 per year. The Toronto Symphony base salary is approximately \$45,000. That is the reality that we recognize: \$11,700 as an annual salary.

We participate in the programs designed by the Ministry of Culture and

Communications. They have an equipment grant program with Wintario funds; it will provide a grant of up to \$2,500 every two years. Unfortunately, we need a grand piano and a symphony orchestra without a piano is an anomaly, but a piano costs us \$80,000. We need a celeste; that costs us \$20,000. Our computer system is \$45,000. A grant of \$2,500 is insignificant in meeting those demands. Other programs designed by the ministry are similar, well-meaning but impractical for the profession. The Ontario Arts Council provides us with a budget of 11 per cent of our annual budget in a grant. It should be closer to 15 per cent.

1610

The Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario has given you a proposal today. We support it. I think you should recognize that the arts community is not an anomaly; it is not one culture and the sports community is a different culture. As a symphony orchestra, we organize a skiathon. As individuals we all participate in athletics. I am an amateur jogger; Doug is an Ontario tennis champion. This program of interrelationship with the arts and sports is widely felt throughout the province.

I will turn it over to Doug to talk about other issues.

Mr Brock: Actually, Barry is incorrect; I was Toronto city and district squash champion, not Ontario. Many years ago, I might add.

From my brief hearing of what went before us, you have obviously been getting a very hard sell on how beneficial the arts are and all of that sort of stuff. I will not go into that, because I am sure you are going to have more of that than you need over the next few days.

It appears to me that there are two dilemmas or two problems. One, and I am not sure whether it is a legal one or what, is that it appears to me that there was an original bill that said funds were supposed to go here and they did not. So there is an allocation or misallocation or misappropriation or who knows what of funds. I forget whether they should or should not be going there, but that is what the bill said. That is point one.

The second thing is, what do you do in the future? Every arts organization is going to tell you that the arts needs all the money and we all know that is not quite true. Life is a balance and you people have to balance your books just like I do. I try to balance my life. I am a businessman. I am a vice-president of Merrill Lynch. I happen to be involved in the educational community. I am on the board of governors of one of the universities in the city of Waterloo, so I know the problems the educational system has in its kind of funding. I have also been involved in the Kitchener-Waterloo Symphony for about 10 years. That is the balance in my life: education, the arts and my own business.

The other problem that this committee has to face is, what is going to be the plan for the future? What sort of balance do you and the government want to strike in terms of allocating the resources that are available? I cannot answer that. That is going to be a dilemma that you gentlemen are going to have.

That is really our presentation. I would to leave the field open for questions, if you have any.



Mr Pelissero: I have sat in this afternoon. When I was with the Ministry of Tourism and Recreation last year as a parliamentary assistant, certainly Bill 119 was discussed. The two issues I think have been identified this afternoon in terms of the some \$400 million that groups feel is their allocation or their money. It is unspent, not sitting in a bank account, but it is there to be supposedly directed.

The next issue is to deal with future funding, as small as it may be, whether it is through Wintario grants or through the Ontario Arts Council or whatever.

In coming in this afternoon, thinking about the committee, I was thinking about two projects, that if they move forward and become successful, would very easily eat up that \$400 million. I am thinking of the Ballet Opera House and if we are successful with the Olympic bid in 1996. Constituents in my riding of Lincoln already say, "Look, if you win the Olympics, don't spend any money on it." I say, "Give me a break, you can't have it both ways." So what I am saying is yes, the order in council in terms of the Ontario Lottery Corp talks about going into the consolidated revenue fund, which means it goes into a general pot, it does not necessarily go into a separate bank account, to be made available for promotion, development of physical fitness, sports, recreation and cultural activities and facilities therefor. That is not to say, as you in the business world would obviously recognize, that means you do not spend everything you take in in one year without building up some kind of reserve to do something with it.

I would put forward a suggestion and I would be interested in your comments on it. If the committee and the government recognize that "that \$400 million" belongs to the arts, recreation, culture, etc, and we have projects such as the Ballet Opera House or the Olympics, would you support a portion of that being spent on those projects?

Mr Brock: Are you asking me as a private citizen?

Mr Pelissero: I am asking you both as a private citizen and as president of the Kitchener-Waterloo Symphony Orchestra. If you have not thought about it, I guess I am planting the seed because I am saying, as you recognize, that there is a tremendous number of requests on the system, whether for health care or whatever, and I do not necessarily want to fall into the argument of taking dollars away from arts or culture and recreation to feed people, put them in houses or hospitalize them. I think it is a holistic approach; if you can keep them a lot better in a quality way of living before they have to enter some of those institutions on a long-term basis, then we are going to be better off. I am recognizing that the dollars and cents are flowing into the consolidated revenue fund and that we are successful. There is still some question around the opera house, but there are larger questions around the Olympic bid as well. Whether we are successful in 1996, 2000 or whenever, should we be using part of that \$400 million I quoted that is sitting there to fund those projects?

Mr Brock: Without having all the details, it is difficult for me to comment. I think if there seems to be justification that some funds have to go there, then obviously that is how you go. It would not be prudent for me to say, "No, it should not go there," and it would not be prudent for me to say, "Yes, take the whole thing and put it there."

Also, I would want you to bear in mind that both of those events seem to be in Toronto. Mind you, this is where the greatest tax revenue base is, I am

sure. We are just trying to give you a bit of a perspective of what it is like outside the Metropolitan Toronto area and give you a sense of what our organization does in the community. If you were going to say you would give one third to each of those and allocate a third to us, I would say that would be great. You always are going to have requests for more money than you have; that is always going to be the dilemma that governments have.

Mr Pelissero: Just as a brief supplementary, you mentioned the average salary for a musician was \$11,000 compared to \$45,000. Could you compare the administrative costs? Are you paying your administrative and management people three or four times less in Kitchener-Waterloo versus what is paid to management people here? I am talking about the musician side, where you identified \$11,000 versus \$45,000. What about your administrative support staff? How does that compare in terms of salary?

Mr Cole: I cannot give you exact salaries but from my understanding, by talking to other people in the ministry, we are paying probably \$15,000 to \$20,000 less for senior management people, such as the director of marketing in our organization versus a director of marketing at the Toronto Symphony or another comparable organization.

Mr Farnan: First, I would like to thank you for your presentation, Doug, and appreciate the contribution you make to our region. A comment on Mr Pelissero's questions: It would appear to me that when you talk about one-time projects such as the opera house or the Olympic games, you are talking about something that is beyond the norm. It would be the equivalent of spending the grocery money on an exotic holiday. The arts, culture, recreation and sports are the bread-and-butter issues of our preventive health care system, therefore I do not think you can make that kind of comparison or choosing between spending your grocery money on an exotic holiday. I would say that you go on the holiday after you have taken care of your household needs.

The question I want to ask has come up several times today. I think what I am hearing from the groups is, "All we want is to be treated fairly and we want some guarantee that we will be treated fairly." There seems to be some kind of coming together around the concept of a third of the funding being designated to the designated groups. Would that sum up your presentation?

1620

Mr Cole: I understand that the third is from the interprovincial lottery allocation, not the intraprovincial lottery allocation. There is approximately \$400 million of funds that have not been allocated to this broad sector over the last 15 years. The presentation of the alliance, as I understand it, was that that is the money that should be put into a trust fund and then distributed. Then one-third of the other moneys, which are according to the Attorney General's office designated for this area also, would come and the rest could then be given to other areas where needed. We are talking about \$1.3 to \$1.4 billion.

Mr Farnan: I understand that. I am talking about the ongoing fund now, that for the future one third of the funding would be generated towards the sports-culture groups. Is that correct?

Mr Cole: One third of the interprovincial fund, yes.

Mr Farnan: That is right. I want to get to the point. Not discussing where the fund comes from, once there is a fund that has been generated from



lotteries, is it a consensus among the groups, have you heard the same consensus, that what the groups are asking for is a guarantee that one third of that particular fund would be designated to the groups?

Mr Cole: Yes, sir.

Mr Farnan: Why do you want the guarantee? I have heard it time and time again. I know the answer, but I think you have to read it into the record if it is worth your while coming down from Kitchener to tell us. Why do you want that guarantee?

Mr Cole: Because in the last 15 years the law has not been followed. The law has been broken; the law has been bent. You can put whatever word you want on it. There was, by law, approximately \$400 million that has not gone to the legally designated constituency. I did not break the law, sir.

Mr Farnan: I appreciate that and I think it is important to put that on the record.

Mr Cole: To me, this is a great moral dilemma for both Conservatives and Liberals because they had been in power at different times when this has come up.

Mr Farnan: Let me just proceed with this for a moment. We have had the concept put forward, not by your presentation but earlier today, that if lottery funds are tied, as in California, to education you have a problem because when lottery funds diminished or when the purchase of tickets diminished, the funding for education diminished in California. You could project that to a situation where if you were using lottery funds for hospitals, you might get a triple bypass in good lottery years, and maybe in bad lottery years they would give you a book of tickets to sell and say, "If you really work hard on this, you will get your triple bypass."

I think the question was asked, do you feel you might be locking yourself into a similar situation if indeed the sale of tickets were to drop, that you may in fact be hurting the groups by locking yourself into the one third of whatever that fund is, based on lottery sales.

Mr Cole: I think that is potentially possible. I think we would also have to rely on the understanding of the politicians as to the viability and the credibility and the importance of the field so that if that were to happen, other moneys would be provided.

Mr Farnan: Thank you very much. I appreciate your candour.

Mr Callahan: It is interesting that if you go back in history, the acceptance of lotteries in Ontario was on the understanding, and I am going to quote from it, that "they would assist in the construction or support of payment of debts of a church or other religious building, of a hospital, shelter or other charitable institution or an educational establishment or settlement company without restriction as to the mandate." It is obvious that back in 1869 they thought that was a worthwhile matter. In fact, I can remember the days when the hospital lottery in Ireland, probably the most famous one of all, was one that we as Canadians used to smuggle in here and buy secretly under the table and and thought it was a marvellous approach to funding, yet I hear my friends in the opposition saying that is a dangerous way to fund these very necessary items.

I can see where you gentlemen and the other groups are coming from. I suppose you have looked at the track record of the previous 42 years and the living up to those commitments, or whatever period of time there was when they started this lottery. You have said to yourselves, "They did not live up to it." But the track record since 1985, I suggest to you, has been pretty good. It has been in excess of inflation in terms of funding these projects. So perhaps it requires some degree of good faith that that will continue.

Interjection.

Mr Callahan: That is right. Maybe the Tories will get back in and then you will be back to reneging on the promises.

I am in favour of recreational projects. I am in favour of sports. I am in favour of culture. I think all those things are very necessary to create a humane and civilized society, but I think we are living in very unusual times. We are living in times when we have people who are living on the street. If we follow the same scenario they did in the United States, I just learned from some figures out there that there are some 1.8 million people in California living in caves and cars. We are not far behind them. With the cost of housing in this province and this country escalating the way it is, we are going to have the same thing.

It just strikes me as a little strange, but I know where you are coming from. I know the reason it is being asked, because you do not believe the government will do its best to see that culture and recreation get their fair share. But I think locking oneself in certainly creates a bit of a problem for those people out there who perhaps do not have the opportunity to play hockey or play squash or tennis or go to the theatre and all these other things. What we as a government, if we accept it, are saying to these people is: "You just stay outside the fence. This money is going to be earmarked for this group here."

I cannot speak for my other colleagues, and I am going to continue to listen to all the delegations that come before me, but quite frankly that is the quandary I have to get my head around. If you have had a tough time and the mortgage is about to be foreclosed on the house, do you go for a Florida vacation? I do not think you do.

I think that is very significant in terms of many of the problems we did not have before, like acquired immune deficiency syndrome. There are going to be massive injections of money through the health care system to deal with a disease which we did not even think about 10 years ago or five years ago. There is going to be the question, obviously, of other concerns that we have not anticipated thus far either. For us to start putting specific designations on who gets what to me is a bit unconscionable.

The Chairman: Could I interject? I think you are really laying quite a bit on the presenters who are at the table at the moment. I am beginning to get a little bit depressed myself.

Mr Callahan: I am expressing my views. I feel very strongly about it.

Interjection.

Mr Callahan: No, I did not say that. I said I will listen to all of the further delegations, but I think we as legislators—



Interjection.

Mr Callahan: I am going to respond to my colleague over there. I think we as legislators have to have enough guts not to allow a popularity thing to—your colleague got applauded this afternoon for saying all the right things. We have to have the guts to say what is important to all the people of Ontario.

Mr Farnan: He said that you stole the money.

1630

Mr Brock: I am not sure that I would relate our symphony operation, or any other symphony operation for that matter, and our putting on school concerts, etc, to a Florida vacation.

Mr Callahan: I was not making that analogy.

Mr Brock: I personally do not go to Florida for my vacations. I frankly think that the arts, symphony orchestras as well as the dance groups and everything else, are just part of the balance of life that we all need to make our communities viable, to attract business, to attract industry. I am a firm believer that one of the reasons the Kitchener-Waterloo area has been so successful in attracting business and industry is the fact that we have a very wonderful Centre in the Square, probably one of the best concert halls in the province, and we also have a very good symphony orchestra. I know that is very attractive to business leaders who want to relocate there.

I think the symphony orchestras or arts organizations are more important than Florida vacations. But yes, you are right, there is a dilemma. It is a balance and how do you allocate the resources? You are always going to get more requests than you have money available.

The Chairman: Thank you very much. We appreciate your coming. I think in passing here that I should make a comment that one of the reasons I am such a serene and tranquil kind of guy is that I went to Kitchener-Waterloo Collegiate and Vocational School and I followed the history of your symphony and other things in that great town. I think you are turning out a great product as far as having a reasonable approach where life is concerned. Keep up the good work.

Our last presentation for today is for the East York Symphony Orchestra. Edna Beange, the chairman of the board, and Beverley Hurlbut, the orchestra manager, are going to do the presentation.

#### EAST YORK SYMPHONY ORCHESTRA

Mrs Beange: My name is Edna Beange and I am the chairman of the board. I will make my presentation first, if I may. You have a copy of it, but I would like to highlight it as we go along.

I am speaking to you today as the chairman of the board of the East York Symphony Orchestra. This orchestra is a very vibrant community orchestra that is enriching the life of the community in a manner not provided by any other activity.

The concept of providing lottery moneys to recreational projects throughout the province has been very successful for many years. Without this

financial support, many municipalities, large and small, would have been unable to preserve or renew necessary arenas. In the same vein, the various parts of the arts community require ongoing assistance to continue to provide ever more comprehensive programs for a different type of recreational activity. Lottery money is very often the only way in which a visual art or a musical organization can acquire necessary new resources.

As a member of the board of governors of the Toronto East General Hospital, I can appreciate the concern for increasing financial support for things medical. However, quality of life also needs cultural enrichment, and without the undergirding provided by lottery moneys, the fabric of arts groups can become very weakened.

Having served 10 years as an alderman in the borough of East York, I am well aware of the demands made on a pot of money that has limitations. It is these limitations—"no decrease in funds available for recreational and arts groups"—which are cause for concern. Without assurance that the support of the past 14 years will continue to be enhanced in keeping with inflation, the available funds will shrivel and the huge accumulation of revenue from lotteries will gradually be diverted for other uses.

The existence of a huge unallocated surplus indicates that there has been considerable foot-dragging over the years in the provision of funds to those segments of the community entitled to access by legislation in place since 1975. Have there perhaps been too many roadblocks and too much red tape, drawing out a process which should have enabled ordinary citizens to access funds to which they are entitled?

I urge this committee seriously to consider the effect that the enactment of Bill 119, as it is presently proposed, will have on the arts community in its contribution to the mental and physical health of the residents of Ontario.

I make this presentation as the chairman of the board and as an alderman, as I say, of 10 years' experience and also as a past chairman of the Canadian Mental Health Association, Metro branch. I thought I would throw in the mental health side of it, as well. It seemed rather appropriate because I think that is one of the features of recreation and culture.

That is my presentation.

The Chairman: You have a second presentation, I believe.

Ms Beange: Yes.

Ms Hurlbut: The arts are an intrinsic part of the life of the community. A community that has a wide variety of artistic activity available to its citizens is a community that is less likely to suffer the results of social boredom, vandalism and delinquency.

The arts give meaning to the life of the individual, a means of personal expression that may not be forthcoming in the day to day struggle to earn a living. Ordinary people find fulfilment through participation, whether actively or passively, in a broad spectrum of artistic experience.

The arts enable and encourage individuals to broaden their horizons. Basic and ongoing education in the arts create in an individual a continuing quest for excellence and a lifelong passion for learning. People who are



taught to think creatively become adept at creative problem-solving which can be applied in any occupation. Arts education nurtures discipline, self-confidence and the ability to communicate.

Society and its leaders must know that an investment in the arts is an investment in the wellbeing of the community. The arts promote constructive attitudes and have a positive socializing influence. The arts foster an atmosphere in which society can move forward in its search for peace and the advancement of civilization. And yet, the arts are habitually underfunded, while the government proposes to divert approximately half a billion dollars in funds legally intended for their use.

The question this committee should be asking is, "How can we make these funds more accessible to the community for which they were intended?" The arts are just as important to the health and wellbeing of our society as other worthwhile projects that have been proposed as recipients of these funds.

It can sometimes be incredibly time consuming and frustrating just to connect with the officer in charge of the appropriate program. Many, if not most of the people wishing to apply for Wintario grants are volunteers who may not have the time or persistence required. Make it easier for the average person to get the information he seeks.

The eligible programs seem to reflect the government's priorities rather than the needs of the arts community. Programs that were eligible one year may not be eligible the next. It can be difficult and confusing to try to keep track of which programs are currently being supported. Broaden the range of supportable programs and be consistent.

Application criteria are often too restrictive. The long-range planning and the amount of information required can inhibit the prospective applicant. Groups may apply to certain programs only once every two or three years. The amount of money the group must contribute varies from program to program and from year to year. Simplify the process and reduce the percentage the group is required to contribute.

Make lottery funds more accessible to the community for which they were intended. Review applications that were previously rejected. Speed up the application process.

When all this has been done, examine the results to see if a surplus truly exists. Then, and only then, should the government consider restructuring its lottery system. Designate the proceeds of a specific lottery to a specific purpose. In this way, the public will be better informed and the government will be seen to be acting in an ethical manner. Thank you for your attention.

The Chairman: Thank you very much.

Mr Farnan: I am just delighted that you answered the question that was raised by my colleague earlier about the Irish sweepstakes lottery when you said, "Designate a specific lottery for a specific purpose," because indeed when people bought those lotteries, they knew precisely what it was going to. In that sense, I felt the Irish government had some integrity that it was specified, whereas we have a situation here where there was an agreement that the funds would be used for a specific purpose and now the government is reneging on those accumulated funds and not applying them to that specific purpose. So thank you for that.

1640

I would like the committee to hear—we did not hear it from the last delegation and I think it might be worth while if you were to do it on behalf of all symphony groups—what you do to popularize the arts, to make them more widespread and to bring people into contact with an enriched sense of life.

Mrs Beange: I think perhaps the participation of the members of the orchestra themselves is participation in itself. A large number of the orchestra members—and there are about 70 members—are there in a volunteer capacity. They are playing because they enjoy playing. I think that in itself is very much a part of the good structure of the arts in that way.

East York is a small community within Metro and we were interested to discover that a very high proportion—I think it was around 70 per cent—of our members lived right in the community, which is another very useful discovery. Our audience similarly is a very high percentage of the community. As an orchestra, at the moment we are doing very well. We have had good fund-raising in this last year. We have some very good board members who are doing well.

But we are concerned that in the long run the cutback on the kinds of support which come from the arts council and from capital funding, when one needs a new set of timpani and so on and so forth, are the kinds of things that are going to be undermined. Bev has made the point that these are volunteers that we are dealing with largely. I have been a committed volunteer all my life and I am very aware of the stress that volunteers are put under for many things. I think they deserve a considerable amount of support, and to put a lot of obstacles in place—

Mr Farnan: I think you have answered the question. The point I wanted to get at is that in enriching your community and enriching all of those people who participate as audience, etc—I want to relate it back to the last delegation because as an alderman for the city of Cambridge, I was very conscious of the manner in which we marketed our region. When we marketed our region to industry, we were marketing the symphony orchestra, the universities, the urban-rural lifestyle. There was a whole way of life that was being marketed; it was not just a geographical location.

Mrs Beange: That is true.

Mr Farnan: I think it is very important for the government to realize that this is an important area. Indeed, one could probably argue the fact that if you want to encourage the movement from the core of Toronto into the nether lands of the province, one way of doing it would be to intensify the quality of lifestyle in the surrounding areas.

Mrs Beange: I quite agree.

Mr Farnan: Whether it was with the arts, education, etc.

Mrs Beange: If you speak of East York, though, you cannot really say it is the nether lands. It is sort of in the middle of things.

Mr Farnan: Yes.

Mrs Beange: I think it is part of the fabric of Metropolitan Toronto as a whole.



Mr Farnan: I was talking about my colleague here from northern Ontario.

Mrs Beange: Yes, any kind of community enrichment is an asset to a community from an economic point, I am sure.

Mr Farnan: I have just one concern now. You talked about keeping up with inflation.

Mrs Beange: Yes.

Mr Farnan: Do you also want to build into that equation the growth, because there is a growth in, let's say, the population and the services that have to be provided? An increase in simple inflation may not adequately serve the needs, if indeed we are talking about expanded numbers and expanded services.

Mrs Beange: That could be so, yes.

Ms Hurlbut: Could I speak to that? Considering the percentage of the lottery funds collected as compared to what has been distributed, far more money has been collected than has been distributed. I think there is enough of a buffer zone there to take into account inflation for a couple of years down the road. I am sure you must have a chart somewhere in your papers that shows how much money has been collected and how much has been distributed. There is quite a large amount.

Mr Farnan: We are all familiar with that. The only problem with that is it is only a figment of your imagination. The government has appropriated that money, it has disappeared, it is no longer there. What we really have to concern ourselves with is the money that will be collected and how it will be divided.

Ms Hurlbut: But legally it must still be there on paper, because that is what it is legally intended and designated for.

Mr Farnan: Absolutely, and this piece of legislation will legalize the theft.

Mr Laughren: That seems a good way of putting it.

Mr Reycraft: I am tempted to react to Mr Farnan but I will not.

The Chairman: I would react to the presentation, if I were you.

Mr Reycraft: I will. I wanted to ask a question or two about the East York Symphony Orchestra. It is interesting that we have heard about, if not from, both ends of the spectrum in symphony orchestras this afternoon in the last two presentations. Those making the presentation from Kitchener-Waterloo indicated that members of I believe it was the Toronto Symphony Orchestra were paid \$45,000 a year. Then we hear about your orchestra in which the majority of the members are volunteers.

I am interested in knowing a little bit about the size of your budget and how you find your symphony orchestra. Can you help me out with that kind of information?

Ms Hurlbut: Our budget is in the neighbourhood of \$70,000 a year,

roughly 25 per cent of which comes from government grants from East York, Metro Toronto and the Ontario Arts Council and 25 per cent from ticket sales. Because we are a community orchestra, we cannot charge the same rates that the TSO or some professional orchestras might charge. We want to make our presentations accessible to the average person in the community, so we try to keep our ticket prices at a reasonable level.

Fully 50 per cent of our budget must be raised through the fund-raising efforts of the members and the board of directors. That is a monumental task for them in a small community of 100,000, which is in the midst of Metro which has so much going on that it takes away a lot of the funds. In a smaller community of 100,000 that was isolated in another part of the province, where the symphony was the thing in town, all the money, all the attention would go to that. In East York, which is a small community buried in Metro, that is not the fact. The board has to work tremendously hard to raise \$30,000 to \$40,000 year.

Mr. Reycraft: Can you tell me some of the things that they do to raise that money?

Ms. Hurlbut: They solicit concert sponsorships. We produce five concerts a year, and each concert has a corporate sponsor. This year those corporate sponsors are running in the neighbourhood of \$2,500 each, which I think is possibly a little above average for a community orchestra of the nature of ours, so the support we do have is quite strong.

We solicit private donations from local businesses, small businesses, storefronts, also from individuals who attend our concerns or who wish to support us with their small donations. It might be \$10, it might be \$100. We put on fund-raising events, rummage sales. You name it, we have tried it. It takes a lot of work, a lot of dedication and a lot of time.

Mr. Reycraft: You indicated that a majority of your members were volunteers, so I know that the \$70,000 is not spent on salaries. What is it spent on?

Ms. Hurlbut: We have a conductor and an assistant conductor who receive honorariums. We have five professional string players to lead the five first and second violin, viola, cello and bass sections. Because our string players are not auditioned, our membership is open to anybody in the community who wants to play. It is imperative that we have a professional to instruct them and to help them with the note-bashing.

I am a part-time manager and I guess I am working for peanuts because I love doing it and because I am a volunteer by nature, as you can see from my signature; I have listed some of the other jobs I have done, all of which have been volunteer. This is one of the things that I do that I get reimbursed for.

1650

Mr. Reycraft: You have made a very significant contribution to your community and you should be proud of that.

Ms. Hurlbut: We also have rented facilities. We have to pay for the rent for the performance facility, the printing of programs, publicity—and that is skyrocketing; printing costs are going up all the time—the general office, the telephone and the routine office maintenance. I guess about half of our budget goes to pay the personnel involved; the other half would go to



pay for the facilities and the services, the printing and that sort of thing.

Mr Reycraft: I also want to indicate to you that the Ontario Lottery Corporation Act, as it presently exists, requires that all the profits from all lotteries go into the consolidated revenue fund of the province. That is the fund from which the Treasurer annually allocates money to not only cultural and recreational groups but to health, education, community and social services, the environment, and the list goes on. There certainly has been no theft of any funds.

Mr Farnan: It just disappeared.

Mr Laughren: You stole it.

Mr Reycraft: The provincial budget, as the members opposite know very well, is subject to a very extensive and comprehensive audit by an auditor each year, and that report is referred to a standing committee of the Legislature chaired by a member from the official opposition, so the finances of the province are subjected to very extensive scrutiny. Should any theft be involved, the Provincial Auditor would have reported that to the Legislature itself. No such report has been made, I can assure you.

Mr Faubert: I have just a couple of quick comments. Edna and I go back a long way; how far back we will not say. I am delighted with the presentation. I think there are some specific recommendations in here that are quite good, some of which will be made directly to ministry staff if they come before the committee.

I think the two of them, the simplification of the application—stop changing the rules every year—and of the process are two which—that is one of the things when I was part of the municipal scene and on the board of the Scarborough Philharmonic Orchestra. We know the problems about that. Just as an aside—you will appreciate this—the Scarborough Philharmonic also shares some of your orchestra members.

Mrs Beange: It keeps them in practice.

Mr Faubert: In community orchestras, it gives them playing opportunities. If everyone wonders why that happens, it gives them other playing dates, opportunities, programs and places. I was going to ask you about costing. Do you pay your conductor, your concert master, whatever his title is, your assistant conductor and your principal chairs in all sections or only in the string sections?

Mrs Beange: Just in the string sections.

Mr Faubert: Is there a reason? Just budget limitations? You do not pay the whole orchestra.

Mrs Beange: If we had more money, we might hire more people. It is a community orchestra and we do not have any aspirations to turn professional. So we hire the people we feel we need to in order to have the quality that will attract and appeal to our audience. If we did not have those few professionals, who are also underpaid, that we do have, then we might be nothing more than a rehearsal orchestra, but our objective is to put on a certain number of performances each year that will attract an appreciative audience. In turn, that educates an audience, which may go out next year or the year after to the TSO. They might never have gone, but they have become

accustomed to listening to orchestral music and have learned to love it.

Mr Faubert: The toughest thing in the world is audience development. The second toughest thing is concert sponsorship. Do you do that also? Do you get corporate sponsorship by concert?

Mrs Beange: We have corporate sponsors for each concert.

Mr Faubert: They pay part of the cost of the program?

Mrs Beange: Yes, as Bev mentioned, they are putting up about \$2,500 per concert, which is a little bit higher than the average.

Mr Faubert: That is pretty good.

Mrs Beange: Considerably higher than the average across the province.

Mr Faubert: Okay, thank you. I just wanted to clarify that point.

Mr Laughren: You had better be good at corporate sponsorship. You are going to need more of it when this bill goes through. I wanted to ask you how you found out about this bill.

Ms Hurlbut: We are a member of the Ontario Federation of Symphony Orchestras. I am a member of the Ontario Choral Federation, the North York Arts Council. All of these umbrella organizations received information and relayed that information to their member groups.

Mr Laughren: So the alarm bells were sounded and people got the message.

Mrs Beange: They have been sounding for some time.

Mr Laughren: Yes.

Ms Hurlbut: We have been concerned about this for a couple of years now.

Mr Laughren: I wish you people would move to Shining Tree. We have never had a symphony orchestra in Shining Tree. I think your contribution to the community is significant, and it is theft when people take money that they have no right to take.

The Chairman: I would like to thank you, Edna and Beverley, for a fine presentation. It has been a nice way to finish up the day.

Mrs Beange: Thank you, sir.

Ms Hurlbut: Thank you very much.

The Chairman: Final comment, Mr McLean, before we adjourn for the day. The clerk would like a day or two to get a further clarification on your questions. He does not really feel that he wants to rule on whether this is a money bill or not. He would like to get some more expertise on it.

Mr McLean: I would think that the minister—the parliamentary assistant could also get that through the ministry, whether it was going to do that.



The Chairman: We are going at it in both directions so we will get to you as soon as we can. I would like a definitive answer.

Mr McLean: I would like to have that question answered tomorrow morning. If we cannot get an answer on whether we are going to be able to put amendments or if it is a money bill, we could be—

The Chairman: Can we get an answer from the ministry by tomorrow morning?

Mr Reycraft: Mr Chairman, I notice on the schedule that you and the clerk have distributed to all members of the committee that some time has been allocated for a clause-by-clause discussion of the bill. It has been my experience with legislation in committees that that is the time when amendments are put forward by opposition party members and by government members. I have assumed that would happen with this bill.

If there is some procedural rule that prohibits that, I am certainly going to respect the standing orders that govern the Legislature and committees, but beyond that there is no intention to restrict participation by opposition party members in the bill that is reported to the Legislature.

Mr Laughren: The only thing I would say is that if the government is not going to allow amendments, you really wonder what the process is all about. These people have put a lot of effort. Not just these people but all the groups that have been appearing before us have put a lot of effort into the presentations. If you are not going to tell them ahead of time, it is a bit hollow.

Mr Callahan: The strategy is being changed.

The Chairman: We will get clarification as soon as we can anyway, Mr McLean.

Mr McLean: Good, thank you.

Mr Cole: Could you please send one to me?

The Chairman: I am not recognizing you as a speaker at this point in time, if you do not mind, Mr Cole, as you had your day in court a little while ago.

Mr Farnan: I will make sure you get a copy.

The Chairman: I am sure by requesting that kind of information from the clerk, though, since you spoke out, you will probably get it.

We rest adjourned until 10 o'clock sharp tomorrow morning.

The committee adjourned at 1700.

CA20N  
XC16  
-G24

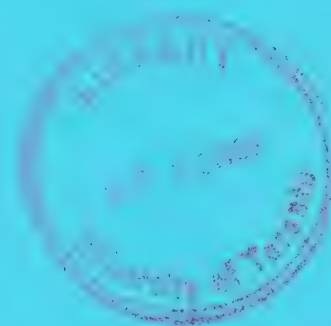
SECRET  
G-6a

STANDING COMMITTEE ON GENERAL GOVERNMENT

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

TUESDAY, 12 SEPTEMBER 1989

Morning Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)

Bryden, Marion (Beaches-Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park-Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Brown, Michael A. (Algoma-Manitoulin L) for Mr Sola

Farnan, Michael (Cambridge NDP) for Ms Bryden

Laughren, Floyd (Nickel Belt NDP) for Mr Charlton

Reycraft, Douglas R. (Middlesex L) for Mr Ruprecht

Clerk: Carrozza, Franco

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Dancer Transition Centre:

Sidimus, Joysanne, Executive Director

From Theatre Ontario:

Tulloch, Sandra, Executive Director

Smith, Rod, President

Smalley, Catherine, Executive Director

From the Ontario Association of Art Galleries:

Bailey, Kevin, President

Kolisnyk, Anne, Executive Director

Bogusky, Alf, Member, Board of Directors; Director, Art Gallery of Windsor

From Tafelmusik:

Gordon, Michael, Past President

Lockey, Oattie, General Manager

LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON GENERAL GOVERNMENT

Tuesday 12 September 1989

The committee met at 1010 in room 151.

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989  
(continued)

Consideration of Bill 119, An Act to amend the Ontario Lottery Corporation Act.

The Chairman: The chairman recognizes a quorum. If we can do a couple of housekeeping things from yesterday, I would appreciate it, and we will give you that full half-hour after that time.

I was asked to make a judgement on whether or not this was a money bill and whether or not amendments would be acceptable. In the opinion that I received, under section 15 of the standing orders this definitely does come under the classification of a money bill, but the second part of the statement is that amendments will be permitted because of the nature of it, because of the type of bill that it is.

It is strongly suggested that if amendments are going to be proposed in this case, they be doublechecked for wording with legislative counsel because it is a money bill. They have to be framed in such a way that they are not specific direction for funds to a minister. Money bills mean that the specific direction for funds has to come from the ministry through the Lieutenant Governor.

I guess the final word on it is that until we actually see the amendments, we do not really know whether they are acceptable or not.

Mr McLean: Then could I ask the parliamentary assistant who is carrying this bill, does the government plan on bringing in any amendments itself? If he was here this morning, we probably would have the opportunity to clarify that. However, perhaps he has indicated to you?

The Chairman: I think I could take a chance and speak on his behalf. What the discussion we had at the end of yesterday sort of synthesized into was that he feels it is premature to make that kind of a judgement until we have heard at least this week's and a good part of next week's discussion. But if the presentations follow the line of the 10 excellent presentations we had yesterday, there certainly is some room for discussion.

I think you, as the whip of the Progressive Conservative Party, and Floyd, as the whip of the New Democratic Party, and the parliamentary assistant, Doug Reycraft, should be talking all the time about that aspect of it, because we on our side, from what I can see, found the kinds of presentations yesterday very reasonable and the kinds of guidelines that were suggested reasonable as well. Hopefully, some sort of an accommodation can be worked out.

Mr McLean: I have had the opportunity to read most of the briefs and they are pretty nearly all identical, the same thrust, so I would hope the



government would be willing to introduce some amendments which would support their point of view.

The Chairman: I cannot speak on behalf of Mr Reycraft, but I would suggest that you have some further discussion with him on that. Particularly if the verbal presentations follow the line of the written presentations that we have had before us for some time now, I would think there would be some sort of accommodation in the works there.

The second part of that had to do with another lottery that you called Cleantario. We are in no position to say anything on that in this committee with respect to Bill 119. Nobody has made any judgements that we can determine anywhere with respect to that coming down the pike at this point in time. There just is not any information out there on that one.

Mr McLean: The basic question I have asked is, is it going to part of the overall lottery funding or is it not? If it is going to be a separate lottery fund, then I think the people who are making a presentation should know, because it could have a bearing on the types of percentages that they are looking for.

The Chairman: I understand your concern, but as I said, we did some preliminary work to find out if anything is happening in that regard and there just is not any information available. The answer is that there is no information to say whether there is even going to be a Cleantario thing, as announced.

Mr McLean: Well, it has been announced. Is that another broken promise?

Mr Cureatz: We will bring that forward to everyone's attention throughout the hearings.

The Chairman: I would think so.

Mr McLean: Another broken promise.

The Chairman: The other thing I would like to suggest in concluding these housekeeping things that came up on the first day is that there were some specific requests for information made. It would be very helpful for the research person if those kinds of requests were put in writing and then read into the record, so that we are not up here scrambling in a 10-minute dissertation and things are added into the thing. It is really very unfair to the backup staff when that kind of request comes out of the blue like that. If you have requests for specific information, I would appreciate if you would put them in writing and read them into the record at that time.

Did you wish to comment on the Gelber report? The other report requested was the Gelber report and we have some information on that as well.

Clerk of the Committee: It was asked by Floyd Laughren. I spoke to a senior adviser to the Deputy Minister of Culture and Communications and the information I received was that the report is an informal assessment and is not published. It simply deals with the facilities within the city of Toronto. A copy of it was given to the minister. It is not a report of the ministry, but of the city of Toronto and I am trying to locate a copy of it. As soon as I do that, we will get Xeroxed copies.

Mr Faubert: Just on a matter of interest, I do not know whether you

have decided or not, but Mr Laughren made a reasonable request—I do not know whether he put it in the form of a request and I just wonder whether any decision had been made—that is, that ministry staff appear before committee somewhere later on, towards the end of our deliberations, for the Ministry of Culture and Communications.

The Chairman: We noted the request and if committee instructs us to do so, we will do that in the clause-by-clause. There is time set aside.

Mr Faubert: Okay.

The Chairman: Is there anything else? Thank you very much for your patience. I do like to get these things tidied up the very next day so that we do not lose track of anything and as I indicated earlier, this is not out of your time, so you have up to half an hour for your presentation. If you do not use all your 30 minutes, the committee may choose to ask questions of clarification. Will you proceed please.

#### DANCER TRANSITION CENTRE

Ms Sidimus: Thank you very much for giving me some time. I would like to explain that the Dancer Transition Centre is an organization entering its fourth year of existence now. We were created specifically out of human need and that is why I am here.

I hear a lot about cultural industries and the arts on a very philosophical basis but in fact we deal with people who are poverty-stricken, homeless and who happen to be artists. The average salary of a professional dancer in Canada now is \$16,500 a year. We have 98 members in Ontario who make under \$5,000 a year from rehearsing and performing alone. The next question is, how do they make a living? They do not. They have to wait on tables, drive taxis and do what they can to survive.

This is not a choice of theirs. It is a fact that in the arts here in Ontario and of course in Canada as well, there is an echelon where there simply is no money for the kind of work they are doing and there is not enough of that kind of work. That is why the salary is so low. The fact that they choose to go on with it has dire human consequences.

I was instrumental in getting this started. I have been a dance professional for 30 years. In the 1960s I was a principal dancer of the National Ballet of Canada and continue to be active as a dance professional, so I have no administrative experience.

I started to write a book about the second careers of retired dancers and found that 15 of the men I had worked with had committed suicide. Others ended up with nervous breakdowns or addictions. There were some people we simply could not find and several of us found that this was unconscionable, so we started the Dancer Transition Centre. Many of you may have heard of it. Karen Kain is president of our board and we are national, but 50 per cent of our membership is here in Ontario because there is that much dance activity in Ontario.

We are staffed entirely by dancers or ex-dancers, because we very much believe in a self-help system. I was staggered to find that in the last four years we have dealt with over 500 dancers in Canada, and that is not a good statistic. That means that dancers between the ages of 26 and 32 are starting to retire, not because they have to and not because they are injured, but because they cannot make a living and the life is impossible.



1020

The kind of money that the lotteries have given to an organization like ours is small in terms of our overall budget, but very significant. We have gotten almost \$19,000, and \$12,000 of that was an internship for a woman who worked here in Queen's Park and who came to work as my assistant and is now administrator of the Dancer Transition Centre. That internship was invaluable to us, because the kind of work she did here vis-à-vis the kind of work in the arts community was significantly different and we needed that money.

The other moneys went towards half the cost of a copier and some libraries. We have career counselling libraries in all our offices across the country, and in this office here and in Ottawa, the lottery money paid for half of that. We could not have had those libraries, and education is desperately important because a dancer trains from 10 to 12 years. They have incredibly transferable skills, but a lot of those skills have not been focused. Time and time again we hear, "I can't do anything else." In fact, they can do just about anything they set out to do once it is supported and directed in a very professional manner. There was no such structure for that before we existed.

I have read a lot about the lottery money being allocated to hospitals and I have to say that the hospitals have been very helpful. I do not want to tell you how many times I have been at psychiatric emergency at one in the morning. I hope that will abate as time goes on. I also feel that if we did not exist, the welfare system, unemployment and hospitals would take up the slack, because that is exactly where the dancers were before we existed.

It is very important to me. I am also the member for dance on the Canadian Advisory Committee on the Status of the Artist, and of course, we are working towards federal legislation. Quebec already has legislation. I think we are seeing in a lot of the provinces, and certainly federally, an interest in artists as individuals and in their welfare, but frankly, we are not seeing it in Ontario and we are very concerned about that because of the sheer number of artists in Ontario.

I also would just like to add as a detail that I do not know why but our organization was left off the list of the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario. We are very much a part of the alliance and we support the amendment it proposes. So I just want to state that we are not on the list.

I was watching La Bohème last night on the CBC and I think that is the way a lot of people see us: happily starving away in our garrets but singing and laughing and freezing. In fact, that is not the case. The facts are the same; the result is not. I do not want to tell you how many of our dancers are homeless, but there are quite a few. We have had to find, and we have found through the Actors' Fund of Canada, emergency funding for rent and emergency funding to get them through lean times.

If it were not for the actors' fund, a lot of those people would be destitute, because a lot of them are self-employed. Therefore, they cannot collect unemployment insurance and a lot of them simply do not want to go on welfare. They will not. That is a problem we have with dancers at least. They have a great deal of pride and they will not go on welfare. So they come to us and they go to the actors' fund.

I think that is all I want to say: to bring your attention to the human need side of the artist as an individual. Thank you for letting me speak.

Mr Laughren: I must say I was not aware of your organization and the work you do. How big is the organization? You mentioned it being across Canada.

Ms Sidimus: Yes. We exist in Toronto, Ottawa, Montreal, Quebec City, Edmonton, Winnipeg and Vancouver. The only actual staffed office is here in Toronto. For the rest, we have what we call our regional representatives who are basically dance professionals whom the dancers know they can contact. But we have resource professionals in every city, that is, career counsellors, personal counsellors, legal, academic and financial counsellors, all of whom are people who are familiar with the unique problems of artists.

Some of them came to us through the sports field. Here we have as career counsellors the two gentlemen who were the psychologist career counsellors for the National Hockey League. The difference there is their guys make \$140,000 a year average and ours make \$16,500, so there was a bit of a transition for them in dealing with our people.

We also pay for skills courses while they are still performing, things like typing, computer usage, French, English, driving, so that the transition becomes easier. Then the big grant, which is \$14,500, represents \$1,000 a month for a year so they can live while they are retraining and up to \$2,500 for retraining, and that is across Canada.

Mr Laughren: Do you get funding from any other province?

Ms Sidimus: Oh, yes.

Mr Laughren: Do the other provinces fund through some method other than the lottery system?

Ms Sidimus: Yes. It is usually through the arts councils. Whether they get their money through the lottery system I am afraid I do not know. So far we have only got money provincially through the arts councils. It is a bit of a problem for them, because we sort of fit somewhere in the middle between social services and the arts councils, but because the arts councils saw the need, they are the ones that have given it to us to date. Federally we get it from the Canada Employment and Immigration Commission and the Canada Council.

Mr Laughren: It is interesting that you would say that, because that is what struck me: Why you are being funded by the lottery system when you really are a preventive care agency, if you will?

Ms Sidimus: If you go deeper into it, the answer we keep getting is, "You don't fit," in three words. CEIC has been very difficult. We ended up the first three years under Innovations and the last two years it has been through ministerial discretion almost. There is not yet a program where we can fit. The Canada Council has given it to us because it had commissioned two reports on the subject before we got established and knew the need, so I suppose only because of understanding the need. We do not fit into any existing program, and you have to fit in order to access those funds.

Mr Laughren: The other thing is that the number of suicides is truly scary.

Ms Sidimus: Yes, it is.

Mr Laughren: If you know of 15, that is on a relatively small base, I would think.



Ms Sidimus: That is right, and all men, which is interesting to us. And there was one last year in Quebec.

I think a lot of that has to do with the perception of it being—well, if we can get into this whole question, it is a communal existence. You are trained communally, you live communally, and the men especially are—people think it is the ballerinas. Actually, it is the men who are treated with great deference in the dance world because there are fewer of them and they are very gifted. But they are not trained, or it is harder for them to go into second careers, although I am very proud to tell you we have two of them now we are putting through medical school.

Mr Laughren: I appreciate the work you are doing. Finally, I can tell you that many of us are worried that an organization such as yours, which, as you say, does not quite fit, would be the first to go if there are cutbacks in lottery funding because of allocations to the hospitals. It is ridiculous to play off hospitals against organizations such as yours that do work and save the hospitals a lot of work and money by the work they do.

Ms Sidimus: Precisely, and that is really why I am here today, because we tend not to think of the arts in those terms. There has been very little really discussed about the individual artist and the plight of the individual artist in Canada, so I am glad you accept that.

Mr Laughren: I am pleased that you are here and commend you for the work you are doing.

Mr Faubert: From your presentation, it appears that your impression is that somehow Bill 119 is taking moneys from the arts, is cutting back in terms of the arts. Where did you get that impression?

Ms Sidimus: In the literature.

Mr Faubert: What literature?

Ms Sidimus: That we got; that the alliance sent out.

Mr Faubert: So someone has actively promoted this misconception.

Mr Laughren: Of course.

Ms Sidimus: I do not think it is a misconception when there is so much money.

Mr Faubert: Well, it is not reality.

Mr Fleet: Mr Laughren has misconceptions all the time.

1030

Mr Faubert: That is his profession. You are talking about professional standards. That is Mr Laughren's profession.

Ms Sidimus: The thing is that when you look at the money that was allocated or promised to us and that we did not get up to now—

Interjection.

Mr Faubert: You are the one who keeps saying it is that; you are the

one who keeps saying it is this. I am questioning the deputant. You can get back to me afterwards.

Ms Sidimus: We look at the money that was promised to us and that we did not get over the last few years.

Mr Faubert: What do you mean, that you did not get over the last few years?

Ms Sidimus: The excess moneys that were supposed to be promised to the arts. On a graph, here, over the years it has gone down and down and down and now there is this threat of it being removed totally. This is frightening to us.

Mr Faubert: Let's speak of your particular case. Because you do not quite fit, as you said, you have been subject to grants from a ministerial discretion point. Is that what you are saying?

Ms Sidimus: No. The lottery money we do fit, but I know one program that was cut. This internship program, which we accessed, did not exist for two years after that, because there was not enough money.

Mr Faubert: You did that, though—it is project funding.

Ms Sidimus: It is project funding, yes.

Mr Faubert: And that is one of the great problems.

Ms Sidimus: Exactly, because we went and spoke to David Silcox and asked to go under the operating-sustaining. He said, "I simply don't have the funds to add any more service organizations;" even one, and he admits, as worthy as ours. So there is one very real place where we could not get something because there were no funds. Also, that internship program simply disappeared for a couple of years. It is now back in a slightly different form and it is not quite as accessible to the arts service organizations as it used to be.

What one spends one's time doing in the arts, especially arts service organizations, is taking your organization and twisting it to fit into existing programs.

Mr Faubert: Believe me, I know that.

Ms Sidimus: But they disappear and they change like chameleons and here is the threat of it disappearing totally, and that is frightening to us.

Mr Faubert: Your organization is unique in that it relates to the performing arts. Is there anything similar to this within the visual arts field?

Ms Sidimus: We are the only art form where someone has to retire in their early or late thirties. You can technically—

Mr Faubert: Because of the physical.

Ms Sidimus: The body just gives out. You are not going to pay \$75 a ticket to watch a 45-year-old person puffing their way across the stage. You have to stop at a certain point. In terms of the years you put into



training—I trained for 10 years and danced for 17. That is not a lot when you think physicians train for that amount of time and can do what they do as long as they—

Mr Faubert: So your performance life is short in relation to your training.

Ms Sidimus: Very short, and the cost of your training. That is something I have not brought up here, but the cost is extremely high for the best training. Investment and return are not equitable, and the kind of money you make—there is not such thing as benefits in the dance world. There are no retirement funds; there is no pension; there is nothing. If you are self-employed, there is minus nothing, because you do not even get unemployment. It is all on the deficit side, and things like this are vital to our existence.

We also feel that if something like this happens, it signals the other provinces, because Ontario is powerful. It gives the other provinces an out, to say: "You see what happened in Ontario. We have this much less money than they had to start with and therefore we will have to cut back as well." So it is not just Ontario we are concerned about; it is Ontario and the impact that will have on the other provinces.

Mr Faubert: If it results in cutbacks.

Ms Sidimus: It has already.

Mr Faubert: No.

Ms Sidimus: To us it has. The internship program disappeared. Mr Silcox says we cannot get operating because he does not have enough money to add other service organizations. I am sure you have heard other organizations come and say the same thing.

Mr Faubert: They cut off all the community orchestras last year.

Ms Sidimus: That is right.

Mr Faubert: As Mr Laughren points out, though, it is really something that is a social service, preventive type of operation specializing in one sector of the whole arts field.

Ms Sidimus: We are too small, they tell us. We are too small a population to be funded in that way. That is what we have been told all along. Once again, it does not fit. The arts councils have guidelines that are slightly more flexible, and because of the sympathy behind the direction of those arts councils, we get in. I go to speak to health and welfare people and they just stare at me. It does not make any sense.

Mr Cureatz: Thank you for your presentation; enlightening. I was wondering about the amounts of money from other provinces, following my colleague Mr Laughren's line of questioning. Is there a specific amount of funds you get from the other provinces or the federal government, or is it from year to year?

Ms Sidimus: It is year to year, project to project. If the arts councils direction changes, the programs change, so every year we have to approach anew. There is absolutely nothing except the contribution the dancers

make. The dancers pay one per cent of their annual salary and the companies match that by one per cent. That is the only prediction we have, and that only comes to something like \$65,000 a year and we have a \$375,000 a year budget. The Canada Council is year to year: the first year they gave us \$75,000; this year we can only get \$50,000, because they were cut back.

Mr Cureatz: How long have you been in existence?

Ms Sidimus: We started in September of 1985.

Mr Cureatz: That is four years. Just to clarify my mind, over that length of time have you seen a decrease in funding for your area of expertise, the Dancer Transition Centre, from the Wintario lottery?

Ms Sidimus: Yes, because as I was saying to Mr Faubert, the internship program, right after we accessed it, disappeared for a couple of years; it is now back in an altered form. Susan Cohen, who is the dance officer to the Ontario Arts Council, has done consistently what she could but where we wanted to get is to the Ministry of Culture and Communications, and Silcox said, "No, there's no funding." So yes, it has had a direct impact. We have not been able to secure anything ongoing. We are going from year to year, project to project.

Mr Cureatz: Finally, in the line of questioning of Mr Faubert, he asked specifically your information on why you felt funding would be cut back. I bring your attention to the bill, which of course does not say that, and he is right. It says, "for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities therefor," basically as the old bill did, but with the addition to take those excess funds for the operation of hospitals. That is what we are talking about really, the amendment.

In your mind, now that Mr Faubert has brought it to your attention that it actually does not say that, although you got an idea that maybe it did say you would be cut back, how do you feel about what I have just read to you, that your designation is still there but there is this added aspect about funds being allocated to hospitals?

Ms Sidimus: The spirit of the law or the letter of the law: We are very concerned about the reality of that. We see now, in the small way I showed you for our organization, what has happened without that being added, so one can only surmise what will happen. The lobby is powerful. When I go out to raise funds, and I am up against abused kids and battered wives, they go: "Dancers. Who cares? Go get a good job." It is what we are told all the time. Yet when a visiting head of state comes, the first person to get a phone call is Karen Kain, "Come to Ottawa." We trot them out. But we only have few of those people and we are going to have less of them if this kind of thing goes on. I am very concerned about that. I am not interested in the rhetoric of what is written. I am interested in what is really going to happen and how it affects those dancers I work with every day.

Mr Cureatz: You are a great witness for the opposition.

Mr Faubert: You led so nicely.

Mr Cureatz: I am sort of good at it, am I not?



1040

The Chairman: I would like to thank you very much for your presentation, Joysanne. I would like to add a personal comment, if I may, because I think you have highlighted a group of people in the arts world who are hard done by in a lot of different respects. My own field is education; I know we have a very fine set of community colleges through the province, and I know the performing arts section, the dancers in particular, usually are hired in such a way that they never get tenure and that kind of thing. Although in their literature and everything they really have high praise for that whole section of their college, they somehow do not see fit to allocate the funds to do the staffing in such a way that the personnel get the benefits they should have coming to them. This may be just one small part of the dancer problem as far as employment goes.

Ms Sidimus: If I may comment, the irony of that—do you know that Karen Kain would not be eligible to teach in the public school system here? I could not teach. Veronica Tennant cannot teach, because we are not accredited. I just leave that with you.

The Chairman: This is exactly what I am alluding to. As a principal of a high school, I have had staff who were hired for teaching on a part-time basis as specialists in the field, both in the visual and the performing arts, but I could not hire them full-time, because they were not teachers. I think this whole area is something that a lot of us have been working on a long time. I personally appreciate your coming and giving us such an insightful additional thing. I did not really realize there was a transition centre available to the folks when they cannot perform any more. I am glad it is there.

Ms Sidimus: Thank you very much.

The Chairman: Our next presentation is by Theatre Ontario: Rod Smith, the president; Sandra Tulloch, the executive director; and Catherine Smalley, the executive director of the Professional Association of Canadian Theatres are our presenters.

THEATRE ONTARIO  
PROFESSIONAL ASSOCIATION OF CANADIAN THEATRES

Ms Tulloch: If nothing else, this committee is going to get just a tremendous overview of the state of artistic activity in this province.

The Chairman: If I may, you are Sandra Tulloch?

Ms Tulloch: Yes. Sorry.

The Chairman: Just so the people who are monitoring the proceedings know. They know now, as long as you are Sandra, who the other people are.

Ms Tulloch: I would like to thank the committee very much for this opportunity to appear today. I am speaking for Theatre Ontario and the Professional Association of Canadian Theatres.

I would like to just present a brief overview of our membership. We represent over 70 professional theatre companies, over 200 amateur companies, hundreds of secondary and post-secondary schools offering theatre training, and thousands of working professional theatre artists.

We encompass English, French and multicultural theatre in every part of the province; major producers like Stratford, Shaw, the Canadian Stage Company; regional theatres like London's Grand Theatre, Thunder Bay's Magnus Theatre, the Sudbury Theatre Centre, and Ottawa's Great Canadian Theatre Company; the expanding and very popular summer theatre network—there are now 18 in number and they have just had their very best season ever; theatres like Toronto's Factory Theatre, Tarragon and Theatre Passe Muraille, whose pioneer mandate—this is really hard to believe today—of 20 years ago was to mount original Canadian plays working with Canadian actors and designers.

We now take that for granted, but if you were around 25 years ago and went to the theatre, you probably saw English or American plays performed by a troupe of British actors. Thank God, we have come a long way. We take pride that those revolutionary mandates of two decades ago have translated into a climate where Canadian plays are produced routinely throughout this province by professional and amateur companies alike.

We also represent small experimental companies like Necessary Angel, Crow's Theatre, Native Earth Performing Arts Company, Theatre Smith-Gilmour. They produce innovative, exciting and often controversial work; they are the research and development side of our business.

One of the strongest and most interesting parts of our membership are the theatres now producing for young audiences, like Young People's Theatre, Theatre Direct, Theatre on the Move, St Catharine's Carousel Players, and some of their products are very hard-hitting and exciting theatre.

Supporting all this at the grass-roots level is the important community theatre infrastructure. There are over 200 of them and they are in every size of community in this province, and are as interested as their professional colleagues in producing quality, exciting theatre and in producing Canadian works.

The Ontario government has played a major role with us in this development. For 20 years and more we have been building together a substantial canon of Canadian drama, a talented pool of Canadian artists and a discerning and knowledgeable audience in every part of Ontario. We submit that this homegrown vitality and creativity, made in Ontario, has nurtured in a most significant manner a pride of place and a pride of identity, which many may not realize, and we may only realize it if we allow it to wither and just drift away through lack of caring and nurturing.

In the next few days you are going to hear, from many of our members who will expand upon their individual achievements and concerns, what lottery funding has meant for them and what they fear is jeopardized with the passage of Bill 119 in its current form. Our remarks on this legislation and its ramifications are more general in form.

Theatre Ontario and the Professional Association of Canadian Theatres have been members of the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario since its inception to fight Bill 38. We appear today to voice our support of the alliance's position against the bill. We join our members in requesting that it be amended as follows:

That the accumulated profits of the dedicated Ontario lotteries, some \$400 million—the figure seems a bit abstract—should be treated as a trust fund and the interest thereon allocated annually for the support of culture, recreation, sports and fitness. Since these interest payments would be



available on a continuing basis, it would be appropriate and acceptable that they could be used to supplement operating grants and subsidies.

The second amendment is that one third of ongoing annual profits of all six lotteries should be allocated for the support of culture, recreation, sports and fitness.

I cannot tell you how demoralizing the introduction of Bill 119 was to Ontario's arts community, particularly the clause about turning over the unspent surplus of at least \$369 million to cover the existing deficits of Ontario's hospitals. Bill 119 seems flagrantly to ignore the government's legal liability and moral responsibility to use the surplus funds accumulated over the past 14 years for the original purpose, which was the support of culture, recreation, sports and fitness.

For some time we have been trying to discover from government, and to no avail, why this surplus developed in the first place and why the lottery profits were not fully expended as designated through the terms of the 1975 act. To our collective mind—and we may be wrong here—it did seem that Bill 119 demonstrates a discouraging insensitivity to and ignorance of one of Ontario's most productive and important sectors. While this unspent surplus has been accumulating, lottery-funded programs have been eliminated or downsized. In other words, the government has made it a policy to keep a surplus to use as it sees fit, which would seem to be in contravention of the terms of the Ontario Lottery Corporation Act of 1975.

What has been the impact of this policy of elimination or downsizing of lottery-based arts funding? There has been a marked decrease in arts touring within Ontario, most particularly of our major performing arts companies, be they Stratford, the Shaw Festival tours, the Canadian Opera Company, the National Ballet or major orchestras. These companies simply no longer tour as they could 10 years ago.

Ten years ago I was in northern Ontario and we routinely could bring the best of our artistic product up into the north to a variety of centres. It does not happen any more at all. It is left to the reasonably affluent or those fortunate enough to live near those companies to enjoy our major theatre, dance and music.

All touring, not just of the majors, has been seriously cut. Decreased funding in this area just means that all Ontarians do not have the same access to the arts and some simply have none at all. Arts festivals, particularly at the grass-roots level, again have disappeared or are pale imitations of their past excitement, spontaneity, creativity and variety, because funding in this area virtually has dried up. In Ontario, arts festivals worthy of government funding seem to mean high-profile international affairs. Again, worthy Ontario artists and companies are denied a valuable means of and opportunity to present their craft to communities about this province. Again, access has been seriously curtailed.

1050

Grant ceilings for the resource and equipment purchases have decreased, and many requests for these resource grants have been rejected in the past few years. The downturn in this funding has an incredible impact in this age of electronic wizardry, of computers, where theatres must keep up with constantly changing technologies in lighting and sound systems, computerized box office systems. All of these are extremely costly. There has been no corresponding

increase in grant amounts for this program to reflect these higher costs. Indeed, the amounts have decreased. The negative impact in this area is substantial, forcing theatre companies striving to produce in the 1980s and 1990s to take on more debt to produce an acceptable product, or to produce a product which does not measure up technologically in this day and age. All the while, theatres are trying to keep the price of tickets down, to keep them affordable and accessible.

The arts management program, which the previous speaker talked about, vitally important to companies seeking to improve their management skills, was actually shelved for a time. A year ago it was not around at all. It has recently resurfaced, but it is vastly downsized, particularly in relation to the need here.

What I have illustrated is a list of lottery funded programs which have been slowly starved over a period of years. All the while this surplus has been accumulating, and all the while the demand and the need was there and not met. We just find this difficult to understand. People have said, "Why are you asking for guarantees and what not?" I think it is because our sense of trust has been breached. We feel we need to get some kind of guarantee that the new legislation is not going to continue this gently drifting funds out of the culture and recreation field.

We find it difficult to trust the government's promise that the traditional recipients in the Trillium Foundation will receive allocations first, with residual profits going to help fund hospitals. We know the need of hospitals and we just get real nervous when we hear that. We are not reassured when the Treasurer (Mr R. F. Nixon) tells us that the proposed amendments will not jeopardize provincial spending. It is just because we know the demands upon the provincial budget, and we are trying to hold on to and hopefully improve what we have been awarded through lottery profits in the past. Past history dictates that we should be wary and that is why we are seeking these amendments to the legislation.

You might say: "So what? Everybody needs more," and we know that. Our response is that through the Ontario Lottery Corporation Act, the government has injected lottery funds into the fabric of arts funding for better or for worse. This funding, together with operating grants from the Ministry of Culture and Communications, has created an exciting arts sector in this province, an arts industry which contributes in a multitude of ways to the fabric of life in Ontario.

Support of our proposed amendments to Bill 119 supports a significant part of Ontario's economy. The Direct Economic Value of the Canadian Cultural Sector study spells out this value in the publication In the Province of Artists, which was submitted to the Ontario Treasurer by the Ontario Arts Council recently, and I would refer you to that document. Suffice it to say that Ontario accounts for 46 per cent of that cultural activity and that the arts contribute very significantly to Ontario's economy. It is a growth industry.

Adoption of our amendments will help to stabilize the Ontario arts sector, which is currently in a worrisome state of instability and underfunding. It is a fallacy to believe that arts groups do nothing to help themselves, that they expect government to do it all for them. The majority of theatres can point to expanding attendance figures, to increased revenues through box office receipts and fund-raising.

But it is tough out there. The not-for-profit arts sector cannot survive



without government subsidy. Within the past five years, of the 49 professional theatres which are funded through the Ontario Arts Council, 12 per cent have ceased to exist, 30 per cent have unstable deficits amounting to 15 per cent or more of their revenue, while 58 per cent are judged to be stable, which means that any deficits they may have are 10 per cent or below of their total revenues. These figures relate to information as of the end of 1988, and the picture is not as positive today. I hasten to add that these theatre companies are companies whose work has been judged to be of good artistic merit. They do perform good work, so they are not in deficits because of a poor product.

The Ontario government has been an active partner and supporter to the arts for the past 25 years. Because of the manner in which theatre has developed in Ontario through healthy subsidization from government sources, audiences throughout the province have been able to enjoy and afford a diversity of theatre.

We cannot turn back the clock on this 25 years of growth. The arts have become part of the fabric of community life and audiences are becoming more and more discerning and demanding. Municipalities are in constant competition with each other to attract new business and industry. You can bet that their arts and recreation activity and facilities are part of their sales pitch. I have actively participated in some of this myself.

Arguably, there is no other sector funded by government which impacts so fully and positively on all the major priorities of this government, as stated in the April throne speech: diversified economic development, environmental awareness, intercultural understanding and harmony, literacy, Ontario's presence abroad and as an attractive place for economic investment and preventive health care.

There has been a large increase in the number of theatre productions, theatre programs and theatre artists dealing with difficult social issues, health issues, the environment, immigrants and refugees and literacy. Theatre can be both a tool for working through these problems and the message giver. Supporting arts and recreation is preventive medicine. You might call the Ministry of Culture and Communications and the Ministry of Tourism and Recreation the ministries of health.

The Canada Health Monitor, which reports twice yearly on the health of Canadians, recently published the results of a survey on the health of older adults, their lifestyles and projections for the future. It reports: "The coming generation of older adults is very unlike its predecessors. It generally will be wealthier, with broader travel experiences, better read, better educated and with a broader range of cultural and recreational experience." The concept of wellness, both mental and physical, will expand substantially in the coming generation of older adults, and the report states, "Those older adults who are involved in cultural and recreational activities, volunteer work and a healthy lifestyle tend to use health care and social services less than those not so involved."

I think the final point in support of our amendments to Bill 119 is really the nub of the issue for those of us in the arts community. It is the matter of cultural survival in Canada, the protection and fostering of a sense of cultural identity in the wake of the free trade agreement with the United States and the seeming lack of concern and disinterest of the federal government in protecting and nurturing this sector.

In our view, it is imperative that the Ontario government step into the

leadership void in culture to support our amendments and thus provide the arts community with some of the tools required to protect our sense of a distinct culture in Canada. Government support of the arts is crucial. Our needs are reasonable. With your support of the proposed amendments to Bill 119, our goals are achievable. Lottery funding makes a real difference to theatre and the arts community. It is a drop in the bucket to hospitals. A year's lottery profits would operate Ontario's hospitals for something like 35 hours.

In conclusion, we submit that a strong sense of their culture helps people to adapt to changes which might otherwise overwhelm them. It helps them face challenges of the future creatively, with pride in their communities, confidence in themselves and compassion for others. A government which makes it possible for artists to create a public legacy of inspiration and beauty serves its people well.

Mr Fleet: I found your presentation very articulate and informative. You made reference to a view of the existing legislation and you talked in terms of a legal liability regarding a surplus and about an apparent contravention of the act by the government in dealing with the surplus. One of the emerging patterns of the deputations that we have heard yesterday and today involves what the current legislation says, as opposed to how artistic groups and recreational groups understand what it was supposed to say. Perhaps that reflects what people were told when the legislation was passed, as opposed to what the legislation says.

1100

What the legislation says is that the surplus, whatever was not spent in a given year, is to be put into the general government coffers, what is called the consolidated revenue fund, and that such surplus, what has come to be called a notional surplus, is to be available. It does not talk of a trust or a legal liability in the terms you have talked about.

The legislation we have before us as a committee, Bill 119, essentially leaves the situation the same, that the government of the day has a responsibility and a discretion to expend funds for this purpose and for other purposes. This is essentially the pattern that takes place everywhere in the government. There is in essence a certainty that there will be some spending on culture and related matters because of the existence of the lottery funds. I want to try to reassure you that there is not quite the change in legislation contemplated, in large part because the existing legislation does not say the things that perhaps it was said as saying.

In addition, I understand that the spending by the government in this area over the last five years has averaged approximately twice the rate of inflation, about 9.6 per cent a year. This overall spending has in fact gone up to—I think it is now \$418 million at this point. The upshot of that is that there may be legitimate problems about individual programs, you are telling us and we have heard from others; I find that very useful, because I think it is important that we try to improve the programs at every opportunity. But the overall spending level has gone up.

I am concerned about the general problems you have expressed, and I think it has been very useful. There is a difference between what the legislation says and what the amendments would do and perhaps what you have heard, but I do appreciate very much your presentation.

Ms Tulloch: I just want to make the point that I think the nub of



our submission is addressing the mainstream and grass-roots arts activity. You say that we have spent a lot of money on arts, and we have, but some of it is for very high-priced, high-profile activities—: opera-ballet houses or the Ontario Film Development Corp and what not. That certainly puts the spending up, but I am asking this committee and the government to pay attention to the whole structure, the infrastructure. It feeds all of those high-priced projects.

It is crucial, and it is crucial because culture in this country is really seriously under assault now. I have this recurring dream of a province in 10 years where the theatres are all dark except for a few in downtown Toronto which are seeing huge pricetag, imported extravaganzas, and the rest of us are all in front of our TV sets watching imported banal videos. That is a nightmare. It could happen. We have to pay attention.

Mr Fleet: Certainly that is one of the fears expressed in relation to the free trade agreement, just one aspect of it.

Ms Tulloch: It is critical; it really is.

Mr Fleet: I think your point is well made. Thank you.

Mr Farnan: I have been receiving something of an education with regard to the arts over the last couple of days. I represent the community of Cambridge, where the Galt Little Theatre and other cultural groups are really a very essential element in the quality of life and the lifestyle we enjoy in that part of the province.

You touched on a theme that was mentioned yesterday, and I would like you to elaborate on it somewhat. It is this: If I can make an analogy with baseball, if a club does not invest in its farm system, very often its first team or major league team will suffer a demise, and it will take years to rejuvenate itself and become competitive.

Mr Cureatz: Sort of what happened to the Tory party in Ontario.

Mr Farnan: Maybe we are going to hear a solution for the Tory party this morning.

I think the government has a propensity for the big, glittering event where the Premier is clinking glasses with Karen Kain. That is nice, but would you like to elaborate on the need to work with the grass roots in order to maintain the quality of the premier performances within the province?

Ms Tulloch: The grass roots provide the foundation for it all. Some of those grass-roots people, who are some of the professional actors of today, came up through that community theatre system. But most important, it is the community theatres which are producing the discerning audiences who are providing access to theatre. You go to see the Galt Little Theatre, which is an excellent theatre—

Mr Farnan: I will pass that along.

Ms Tulloch: Tell them Sandy says hello. These audiences are learning how to view theatre and are becoming more discerning; they will go on to the Grand Theatre in London; all the components make the whole. It is hard to articulate this.

Mr R. Smith: If I may jump in, you have raised a really good point

about working at the grass roots. It is not only the individual actors and the smaller theatre companies that desperately need support right now, but also the audiences themselves. As much support as we give or can get now for theatre companies, it will not make too much difference down the road if there is nobody there to watch or nobody there who cares.

Right now my concern, as well as being for the wellbeing of the individual artist, is that most arts organizations are operating on such thin budgets that they are not capable of doing any audience development themselves.

One of the very large losses I felt as a professional administrator in theatre over the last few years was that the Wintario Half-Back program was cut, for example. It was a lovely program. During that time I was responsible for bringing young children down to a major theatre in the city, and using the Wintario Half-Back program meant that instead of paying \$7 a person, which already was a subsidized rate by the theatre companies—they really could not afford to put on those performances—we paid \$3.50 per kid plus a little bundle of Wintario tickets.

It was lovely. It went from a couple of hundred kids a year to thousands of kids a year in this one theatre company. The program worked fine for a couple of years and then, when I applied for it the next year, it was cut off. When I asked why, we were told there simply was no more money to fund that program. During that time I am not sure where the money was, but it appears to me that someone misled me and perhaps others into thinking there were no funds if in fact there had been funds accumulating.

That is an example of grass-roots audience development. As a kid—and perhaps you, Mr Farnan—I did not have the opportunity. I came to theatre very late, in my 20s; I first found out about a play in my late teens. As a father with three kids in school, I want them to have that type of opportunity, to experience some of the things that make life worth living in this province, part of the joy we experience here.

Mr Cureatz: I have just one brief question, as we are running out of time. Many of the groups that have appeared before us have indicated a specific one third allocation. I am wondering how the one third came about. Do you feel comfortable with the one third?

1110

Ms Tulloch: I think again it was just because we were trying to protect and hopefully maybe even improve what we are currently getting. I could say right now that the arts community would be very, very happy if it could just say we do not have to be funded through lotteries, if only the government could maybe follow the lead of a province like Quebec, which I think has pledged one per cent of the public funds to culture in that province, if Ontario would ever come to something like that.

I think it was because there were the Trillium Foundation, the hospitals and then the original recipients, that we came to that agreement and the moneys that might come to our sector roughly translate into what they get under the current bill, more or less. That is how it happened, but it would be very, very nice if we had a much more stable funding base than we have now.

The Chairman: Thank you very much. This has been a very interesting and thorough presentation. We appreciate it a great deal, Rod, Sandra and Catherine.



Ms Smalley: PACT has also submitted a written deputation through Mr Carrozza.

The Chairman: Thank you very much. That will be added to our list of exhibits.

Our third presentation this morning is on behalf of the Ontario Association of Art Galleries. Kevin Bailey, the president of that group, Anne Kolisnyk and Alf Bogusky, the director of the Art Gallery of Windsor, are going to be doing the presentation.

#### ONTARIO ASSOCIATION OF ART GALLERIES

Mr Bailey: Good morning. My name is Kevin Bailey and I am the president of the Ontario Association of Art Galleries. It is quite a pleasure to follow my colleague Sandra Tulloch from Theatre Ontario, who gave you a fairly good overview of how ingrained cultural activities are in of Ontario. We are here today representing the Ontario Association of Art Galleries to give you a little more focused presentation of one of these cultural activities, which is the art galleries in Ontario.

With me today is Anne Kolisnyk, who is the executive director of the Ontario Association of Art Galleries, and Alf Bogusky, who is a director of the Art Gallery of Windsor and a member of the board of directors of OAAG.

The Ontario Association of Art Galleries represents 48 public art galleries and exhibition spaces throughout the province and 27 arts-related organizations. As Mr Carrozza has just done, we have submitted a pamphlet which gives you a list of all our members. You can see that most communities in Ontario have art galleries, which is really a special thing. On behalf of all our members, we would like to thank you for this opportunity to appear before the committee today and express our concerns about Bill 119.

I was in the subway the other day, waiting for a train, and noticed a poster on the wall. It had a picture of an art gallery and it said: "Art for Art's sake. And Helen's sake. And Phil's sake. And Renee's sake. And Pete's sake." The gallery which had commissioned the poster was the National Gallery of Canada in Ottawa, but it could easily have been done by the Cornwall Regional Art Gallery, the Art Gallery of Hamilton or the Thunder Bay Art Gallery. The essence of the message on the poster would have remained the same: Art is for everyone's sake.

Ontario is fortunate to have a system of public art galleries in place so that the visual arts heritage is accessible to everyone. This system of galleries has grown up over the last 15 years as the province's population has increased and as the public's demand for and appreciation of arts has also increased.

More important, however, this system of galleries has expanded in direct response to public policy initiatives of the government to collect, conserve and exhibit the cultural and artistic heritage of the province for all its citizens. As a matter of public policy, the government of Ontario has also seen fit to fund this expanded system of galleries and OAAG's member institutions mirror in their exhibitions the ethnic and cultural diversity in Ontario so that francophone artists will have places to show their work and native Canadians can share their heritage without having to travel to Ottawa.

Art galleries, unlike some other arts groups, have special requirements

in order to fulfil their mandates and that of the province.

Art galleries are the repository of the province's visual heritage, and so require buildings to mount public exhibitions. They need light, heating and maintenance to keep the buildings open to the public. They need security guards and security systems to keep our public art collections safe from vandalism and theft. They need special lighting and climate controls so that the works in the public collections can be properly exhibited, conserved and studied.

They need gallery directors such as Mr Bogusky, curators and office staff to make the galleries functional on a daily basis. Art galleries need art, for without art a gallery is just a building with four walls. Most of all, however, art galleries need money to buy works of art, to repair works in the collections and to keep the lights burning so that everyone, from local school children to senior citizens, can learn about and appreciate Canada's visual, cultural heritage.

Funding for art galleries is an intricate partnership between individuals, boards of directors, the community at large, corporations and the public sector. A gallery's special requirements necessitate a dependable level of funding from government—municipal, provincial and federal. A gallery's physical plant means higher fixed costs than most performing arts groups, save for the National Ballet of Canada or the Canadian Opera Company.

The options for saving money and raising money, as in the case of commercial theatre, is very limited since admission to most galleries is free. That is a commitment that most galleries in the province adhere to. There are only five or six galleries in the province where you have to pay to go and see art. Unfortunately, they happen to be the big ones but, as in the case of Windsor, they maintain that commitment which is really good and it makes art accessible.

It is the matter of funding for the arts, specifically art galleries, which brings us here today. As the recipients of money raised for culture and recreation by the lotteries administered by the Ontario Lottery Corp, the public art gallery community is very concerned with the future of arts funding should Bill 119 be enacted in its present form.

Since lotteries were first introduced in 1975, there have been a myriad of programs funded by lottery profits which have assisted the province's art galleries in fulfilling their mandates. It is at this point I would like to turn to Anne Kolisnyk and Alf Bogusky to highlight for you some of the programs and some of the problems, and I will come back and wrap up.

Ms Kolisnyk: Some of the specific lottery-funded projects that the galleries have used, and the ways they have used them, I would like to speak about. I think they were mentioned by Theatre Ontario before: resource materials and equipment grants. They use them for automated box office; the galleries need them to preserve the visual heritage. They need conservation equipment, conservation-approved storage systems and environmental monitoring equipment.

Conservation is a fairly new science. It has been developed only since the last World War, but it is growing apace and it is a very costly science. It has been demonstrated, I think, that if we are going to save Tom Thomson's Jack Pine, we have to have a controlled environment for it.



As well, and I do not want to underestimate, they need office equipment like any other nonprofit sector, audio-visual aids, slide projectors, screens, computers and fax machines. A recent study undertaken by Ekos Research for the federal Department of Communications on museums and art galleries pointed out that the minimal use of computers, which is not typical of many sectors of the economy, may suggest a technology lag in the museums and galleries of Canada. Yet, in December 1987 the ceiling on this grant category was lowered from \$10,000 to \$5,000. That is before Bill 119.

Another grant category is management training. These grants were used by gallery personnel to attend OAAG seminars, Banff training seminars and others, and used widely. Grant requests made by OAAG professionals to attend our own seminars, in the range from \$100 to \$400, have been turned down. Regarding art acquisitions—specially designed categories so that galleries could build these public collections, a capital holding for the province—almost \$89,000 in requests from Thunder Bay, London, Woodstock, Hamilton, Brantford and North York were turned down recently.

#### 1120

Art in public places—a category that was suspended in 1988, which has been important in helping galleries to introduce important Canadian works into the public domain and the public consciousness. By the way, both of those categories benefited the primary producers, the artists, and they were important beneficiaries.

Internship grants subsidize hundreds, thousands of positions to help the galleries staff their galleries and give important training to young people.

I would like to tell you about one special project that is just being finished through a Class Connections grant, and I would like to give you a bit of background. In 1986 the Ontario Ministry of Education produced a visual arts curriculum guideline for high school students called Viewing Art which included a master list of 120 artworks that they felt students in high school should be familiar with. One was Canadian—one. It was Moïse Safdie's Habitat in Montreal.

A gallery educator complained about this deplorable lack of Canadian content and she offered all on her own to supplement this master list with 120 Canadian artworks. The educators, a group of them, on their own time, unfunded, got together with the people in education and they have developed a kit called Viewing Art in Ontario, Part 1. It will include 20 reproductions in slide and card form from 16 public gallery collections so that they are totally—and these go out to the schools this fall. Any school child will have at least one of these works within 50 miles of them, we hope.

They represent kit number one. We hope they will do more: native art, Emily Carr landscapes, Joe Fefard's cow—they are all Canadian works. They are great works, historical, contemporary and native. That was made possible through a \$10,000 Class Connections grant. I find that very exciting. I would like that sort of thing to keep going on. Maybe you are not aware, but the public galleries are constantly in activity with tours, publications, research, artists' talks, school visits and hands-on workshops which really make a contribution to public sector education.

The biggest grant category and the last one I am going to mention is community facilities improvement program, CFIP. It is the capital program and it has helped galleries like Bogusky's in Windsor, Robert McLaughlin Gallery

in Oshawa, the Burlington Cultural Centre, and little ones like the Rodman Hall Arts Centre in St Catharines, and the London Regional Art Gallery. It has helped them with grants ranging from \$750,000 down to \$25,000 to upgrade or expand their facilities. There are a lot of other galleries that are going to need to do that.

What they are going to meet, again, is changed criteria, lowered ceilings. The province will now not be the first one with this kind of funding. The cultural community that I represent is feeling very, very disfranchised and with good reason, not just by Bill 119, but by a lack of committed reliable support generally.

What has the provincial government done lately for the nonprofit arts sector? The Ontario Arts Council in their five-year strategic plan, Moving Forward, identified the need for \$10 million in year 1 to equitably fund the visual arts community. They received \$2 million.

Months before Bill 119 was introduced in April 1988, the categories that I have just described to you were being frozen, suspended, and ceilings were being lowered and criteria changed. We ask: "Why?" To create an unallocated surplus that could be spent elsewhere.

Reading Mr Laughren and Mr Farnan's remarks from Hansard on the second reading debate on 28 February, I believe it was Mr Laughren who quoted the Parks and Recreation Federation of Ontario in its observation that pitting parks, recreation, sport and culture against hospitals for funding dollars is a classic David and Goliath analogy. I would like to take that characterization once more removed and ask you to see the public art galleries as sort of a David Junior in this whole thing.

The 1988 allocation to culture and recreation, according to Hansard, was \$41.2 million, which the federation points out would be exhausted by the Ministry of Health in 33 hours. The total—and this is tax supported, but it is the only statistic I can give you to give you some idea—1988 allocation by the arts branch of the Ministry of Culture and Communications for operating support to their 28 public gallery clients was \$1.25 million. That would be exhausted in one hour in the health care budget.

I would like to tick that hour off for you, if I can, and just mention some of these galleries that are clients for this money.

The operating subsidies to the art galleries of Hamilton, London and Windsor would take 23 minutes to exhaust. Then we move on to the next lowest budget category. We would have Toronto's Power Plant, Kingston's Agnes Etherington Art Centre, Oshawa's Robert McLaughlin Gallery, Macdonald Stewart Art Centre of Guelph and the Burlington Cultural Centre, whose aggregate annual grants would buy 16 minutes of health care. In the next nine and a half minutes, health care costs would use up all the provincial operating subsidy to Thunder Bay, Sarnia Public Library and Art Gallery, Laurentian University Museum and Arts Centre in Sudbury, the McIntosh Art Gallery of the University of Western Ontario and Oakville Galleries.

The lower the budget the more stark the equation. Grants to galleries like Rodman Hall in St. Catharines, Gallery/Stratford, Art Gallery of Algoma in Sault Ste Marie, Art Gallery of Peterborough and Art Gallery of Northumberland in Cobourg, Lynnwood Arts Centre in Simcoe, Tom Thomson Memorial Gallery in Owen Sound and the Library and Gallery in Cambridge would about buy one minute each.



Then in the final and lowest budget category, we have art galleries like Grimsby, Woodstock, Whitby, St. Thomas-Elgin and Glendon Gallery, which would last about one half-minute of the health budget for their operating subsidies.

I would you to imagine the patient idealism and the commitment of all those people in those 28 communities who have built up and supported these galleries over the years, trying to equate that investment they have made with a half a minute of health care. I would like to say that I think and I believe these communities feel that Bill 119 is a pretty blunt instrument.

Mr Bogusky: I will expend my total budget in the few remarks that I make because I am sure that the provincial allocation for funding so described would be spent within the time that I am about to describe the problems that I have working in culture in Ontario at this time.

As mentioned, I am a board member for the Ontario Association of Art Galleries. I also bring a national perspective in that I am the secretary of the Canadian Art Museums Directors' Organization, and while I am not representing them here today, I throw that out as a bit of a caveat that I am used to the discussion in the national sphere and it does not really differ in many ways the role that we are trying to play and the issues are discussed roundly and across the country at this time in all provinces.

I am here as the director of the Art Gallery of Windsor, which is one of the larger institutions in this province. In physical size it is probably about the fourth largest or third largest gallery in the province and the 12th largest in the country. Windsor is an interesting community in that it is probably as Canadian or more Canadian than anywhere in the country. As you know, the institution that I work for, daily I look across the river and I am dealing with a foreign culture that is a good portion of my audience. In a sense, we are waving the Canadian cultural flag on the south coast of Canada there daily and it is a very unique and interesting role for us to pursue.

I am also here, I guess in listening to the discussions that have preceded this and reading Hansard last night, as a concerned citizen and throughout the provocative notion that I am very concerned about proper investment for health care in this province. I throw that out as a political position and a position that could be discussed here at length.

I think that one problem that I see in reading through Hansard, the discussions that have taken place on this issue, is that the major problem is a description of the issue generally. It appears that, as has been described with a David and Goliath analogy, the entire issue is discussed in an oppositional sense. That is really not the issue at all.

I would like to link three kind of disparate ideas, one being the hierarchy of human needs, which I am sure we are all aware of and we all support. I do not see that is the issue at this time. This is a relatively rich society and I do not see it evolving that rapidly that all of society's needs cannot be met in an equitable fashion. Also, the notion of wellness has been thrown out. We will use the language of the health care system itself to say that the concept of wellness is something that we are an active participant within.

Also, I would like to throw out the broadest possible definition of culture in a sense. Basically the spirit of the United Nations Educational, Scientific and Cultural Organization definition of culture is as we operate by indicates that its culture is the sum total of all activities that take place

within a defined group of people. Certainly in Ontario and in Canada we constitute a divine—a defined group of people.

Ms Kolisnyk: Divine too.

1130

Mr Bogusky: Divine. All the activities that take place within this culture constitute culture in the broadest sense. Linking those three ideas, it really becomes clear that a government's role in providing leadership, particularly from the position of strength that this government has at this time, we are in a really optimal situation to provide society with a healthy culture in the broadest sense.

That means caring for the health of our constituents, for the security, the education, the entertainment, the employment and prosperity of our constituents; in short, contributing to the quality of life of our society generally and a sense of wellness throughout. That is an important kind of issue, placing the arts, recreation, culture, at the centre of society in a sense.

Most important, I think the quality of society is that these things be done in an equitable and appropriate measure. Society then becomes a matrix of common interest, and I think that is a really important point. Do not evaluate the issues as separate issues because they are not.

I think a healthy culture should be able to identify itself, and that is really a key role that the arts do play. If you think of the maple leaf in Canada, you think of a number of associations from a hockey team to the Canadian flag. You can think of the Ontario flag. You can think of our sports heroes and you can name them. You can think of our cultural heroes. Our culture would definitely be all the poorer without Thomson's *The Jack Pine*, as you have mentioned, and that is preserved and held, as it would without *North Shore, Lake Superior* by Lawren Harris, which is also preserved and held in one of our institutions.

Taking the broadest definition and the issues that we are discussing then, recreation and culture are really the heart and soul of the body politic, and we allow for a description of the ideals of society, a way of measuring the quality of society. We provide in a sense the signposts for all that is good and excellent about what should be achieved in human spirit.

Really then, if you assemble those things in your mind, you see fitness and recreation, culture and the arts and health as all really one and the same kind of package. I think that has been alluded to, but I really wanted to try to provide that sense of the matrix thought. We are all concerned with the same things: wellness and an awareness of our constituents.

Basically the position I am taking is that we need support to do our jobs in the cultural sector, and from this government's position of strength, we think that can be achieved in a very strong leadership role at this time. As has been pointed out, Ontario leads very, very strongly within Canada. I moved to Ontario four years ago to take up the position of director of the Art Gallery of Windsor from Alberta, and the influences that we felt out there from the policies that are set in Ontario were enormous. You have a larger responsibility than the immediate constituency. You are really talking about Canada when you talk about developing policy in Ontario.

I will talk a little bit about the particular situation I know best, and



that is the Art Gallery of Windsor, and what the Wintario programs have meant to the Art Gallery of Windsor over the last 14 years. As has been mentioned, new technologies have been introduced, simple things like computers, which the Art Gallery of Windsor, as one of Canada's larger institutions, did not have until four years ago. The impact on everything from membership maintenance to collection maintenance, communications to our constituency is enormous just from that simple thing done with \$30,000 of Wintario funding.

In regard to capital development, we have had some major development of the institution in the last four years also. That, interestingly enough, was predicated upon a health issue. First impetus was the removal of asbestos insulation from the building, which provided an obvious health problem to our constituency.

Over 14 years, the Wintario program has supported major acquisitions within the context of our acquisitions program. It has provided training opportunities and it has been a special pleasure for me to work with young interns who have gone on from our institution to either businesses or nonprofit organizations in the arts to carry on their trade. It has allowed public access, in our case, to the handicapped, helping to modify our building to make it more handicapped-accessible and the whole range of others from seniors to school tours.

It has also been pointed out the stimulus that has been provided by some of the programs for fund-raising in the past. In our case, it has helped through those fund-raising efforts to provide a really strong foundation of stable financing for the institution. We need to go farther in that. In other words, we have invested those funds and draw down the interest to help support our core operation. I think that one issue there is perhaps something that should be considered for the future of arts organizations in Ontario and in this country. File that one away.

There is no doubt that this has been a good thing and we need more of the same. However, today the situation is not nearly as healthy. I would say that in trying to paint you the rosier picture of the arts generally and the support network, I would be creating a great and very improper illusion. It would be understated to say that the arts generally are in crisis today because they are.

Running an organization as I do with a \$1.5-million budget and employing about 27 persons, I am faced constantly with a number of problems, everything from operating budgets that are sadly inadequate to pay scales for people that are woefully inadequate. Issues like pay equity that have been brought down by this government are making it all the more apparent. It has been pointed out to me that some of my support staff are the largest subsidizers of culture within that community, just from the disparate nature of salaries in relation to people working in other areas, either private sector or public sector.

Our own specific situation right now is that I have a collection of 3,500 objects held in public trust, your heritage, that I cannot even bring back to the institution for lack of the capital funds to build the proper storage conditions for them. That has created a backlog of other problems for me—I cannot program education classes—all physical problems that could be solved if these grants were still being awarded at the past rates of 50 per cent matching that have been wound down since those days.

I talked a little bit about was The Jack Pine and our Canadian cultural heritage and the importance of these emblems. My curatorial staff had the sad

opportunity recently of losing a major potential repatriation of a painting by the late Jack Bush that was in a collection in New York. For the upfront money of less than \$15,000, we would have been able to attract major federal investment through the repatriation program to purchase a work that we do not have the budget to procure at this time. Instead the object has been lost to Canadian collections and now resides in an American collection where they know the value of that work. That is kind of a sad state of affairs when you think about it.

We also cannot provide the full range of services that our constituency demands, and I will throw out another provocative point. If you look at an institution like the one that I am involved with, the funding ratio on an operating basis annually is about eight to one in favour of municipal and self-generated revenues and provincial support. That is a severe difference. I do not know the range of other social programs and the working relationship between municipal and private investment and provincial, but that is not a very workable formula for us to maintain what we should be doing, waving that Canadian flag on Canada's south coast.

There are other questions of access and equitability. It has already been mentioned that Windsor is a designated bilingual area. It is Ontario's oldest continuously established community. It is a bilingual area with a very large French population. We are unable at this time, through staffing and budgeting, to provide any kind of rendition of bilingual service, even basic labelling and translation work.

We are called upon by the policies of government to deal with multiculturalism in a broad way, and we want to. Again, we lack the ability to do so in a range of other special services that are demanded by our constituencies. Just the fact of having a city like Windsor put into its major cultural institution something approaching \$3 per capita of direct municipal funding, plus outside funding that we raise ourselves, is really quite a strong statement of constituent interest.

I guess in all of this too I would have to say, "Don't forget about the artists." I think the case was made earlier by another colleague from dance about the state in which artists exist within this country and within Ontario. It is the job of museums to provide some base of revenue, support and recognition for those artists, and we lack the means to do so properly at this time.

If it were a perfect world, and in many ways it is not, I would wish that all lottery funds, past revenues and future revenues, could be donated to medical research. That would be a wonderful thing for me, but of course the precondition for that would be that all cultural endeavours and society's other needs be funded from the tax base on an equitable basis. It is not currently.

We need regular and ongoing support. We need clear and rational policies and committed budgets to carry on our work and to make a totally well society. I guess I am really just calling for whatever means and whatever policies there are to invest in us to allow us to do our job, to develop a healthy and well society. Beyond that, I cannot really make much more of a statement. I am sure I have expended my budget and there is not much more that we can do other than answer questions at this point.



1140

Mr Bailey: The Ontario Association of Art Galleries acknowledges that the debate around Bill 119 is a sensitive one. The health care system in Ontario is exemplary and expensive. The government is to be congratulated for making health care a high priority.

The Ontario Association of Art Galleries urges this committee to consider the following options as a compromise position that would ensure that the concerns of the arts and recreation communities are accommodated and that the government's priorities are met.

First, OAAG recommends that the accumulated profits from the dedicated Ontario lotteries be treated as a trust fund and that interest thereon be allocated annually to the support of culture, recreation, sports and fitness. These interest payments should be available on a continuing basis, and it would be appropriate and acceptable that they be used to supplement operating grants and subsidies. Really, we are addressing the concern in that recommendation that even on an ongoing basis with tax money, the cultural community is being underfunded and it is a major policy shift to consider that lottery moneys would go to operating grants.

Second, OAAG strongly recommends that one third of the ongoing annual profits from all six lotteries be allocated for the support of culture, recreation, sports and fitness. This recommendation is consistent with the original intent of the current Ontario Lottery Corporation Act. We recommend that these ongoing profits continue to be used for capital projects and nonrecurring purposes like the recent renovation to the Art Gallery of Windsor. It is estimated that \$152 million would have been available in the fiscal year 1988-89 in real dollar terms, which is more than the amounts allocated in recent years.

I am sure you will agree that these recommendations are not unreasonable. The art gallery community in this province is made up of reasonable people who do monumental tasks in service to the public. Public art galleries in Ontario need reliable sources of funding. Bill 119, as it currently stands, will allow for the arbitrary distribution of lottery profits, a situation that is unacceptable to OAAG and our member institutions.

OAAG, like most other recreational and cultural organizations embroiled in this debate, feels like David—junior, as our case is—going up against Goliath. As we have shown today, lottery profits have had a real impact on the public art gallery community throughout the province. We hope this community will see the necessity of establishing a reliable level of funding for the arts so that art will continue to be for everyone's sake.

The Chairman: Thank you very much for a complete and comprehensive presentation. You have budgeted your time very closely, so I have two minutes left for one question by Mr Reycraft.

Mr Reycraft: Thanks to the representatives of the Ontario Association of Art Galleries for coming before us this morning. I might start out with a sort of light aside. All three of you have made reference to the David and Goliath analogy that Mr Farnan used in second reading. Anne, I think you indicated that you were discouraged by that situation. I do not think I understand why you are discouraged, and I am not sure if that is the analogy you should be using because I am sure I do not need to remind you who the victor was in that David versus Goliath confrontation.

Mr Bailey: But we are going to win.

Mr Reyecraft: I am sure you will.

My question relates to provincial support for art galleries. I am told by officials in Treasury that provincial spending on the broad areas of culture and recreation has increased from \$282 million to \$418 million a year in the last five-year period, and that the increase in this year's budget is \$48 million even though lottery revenues are only projected to increase by \$15 million in this particular year. That is an increase, on average, of 9.6 per cent per year and is, I would say, a significant increase and a very appropriate increase, in my judgement.

I am not aware of what kind of support has been provided specifically for art galleries in the province. Do you have that information? Can you help us with that?

Ms Kolisnyk: I should make clear that the ministry funds 28 public galleries through the arts branch. Other galleries have a direct funding relationship: the Art Gallery of Ontario, the Royal Ontario Museum. They are members of OAG, but they have more direct funding, so I am speaking about just 28 public galleries when I give you this number.

We did a study last year that shows that funding through the ministry has not met inflation since 1982. It has fallen behind inflation every year in 28 galleries. We did a real-needs study to find out the impact of that and we tabled it in June 1988. The galleries were asked to tell us what their actual year's expenses were, what their projected year's expenses were and what they would need, in their best professional estimate, to run their galleries at optimum.

They told us \$5 million more. They are 57.5 staff positions behind. In conservation, in everything, they need dollars. That is because they have been falling behind. The formula for funding until 1982 was 20 per cent of last year's operating. The formula was put in suspension and galleries have been receiving, on an average, four per cent a year.

Mr Reyecraft: Do you know what the total number of dollars is that has been allocated to those 28 art galleries over that five- or six-year period?

Mr Bailey: Last year, the provincial support for operating grants to keep the lights burning and programs through the Ontario Arts Council was about \$2.1 million, the highest it has been. I think it might be a little bit less this year, so you are looking at \$10 million or \$11 million over the last five years to fund, unfortunately, a decreasing number of art galleries that are available in the programs.

Mr Reyecraft: So the funding has been about \$2 million per year for operating and program support.

Mr Bailey: That is correct.

Mr Reyecraft: What about capital grants? Is there a capital grant program as well?

Ms Kolisnyk: Yes, through the lottery funds. I noticed in the ministry's last projected budget of \$16.5 million through the arts branch that



\$7 million of that was slated for capital. But we do not know what comes to galleries because that also funds Science North and other large capital projects. I just was unable to get those numbers.

The Chairman: I have to interject, Mr Reycraft. We are already giving you a couple of extra minutes here.

Thank you very much for your presentation. I am sorry we do not have more time for questioning. Obviously, Mr Reycraft was not the only person who wanted to question you. My apologies for the shortness of the time.

Our final presentation this morning is on behalf of Tafelmusik. I think most of you got a little handout here that explains what the group is. The general manager, Ottie Lockey, is with us. She has brought along Michael Gordon, who by his card is a lawyer. I am warning the group, because some of our people here are lawyers, Mr Gordon.

Mr Reycraft: Fortunately, some of us are not.

#### TAFELMUSIK

Mr Gordon: I should advise you immediately that I am not here as counsel to Tafelmusik or as a lawyer. I am here as the immediate past president of the orchestra and organization. I served with the orchestra on its board from its inception. I stepped down from the presidency about—what was it?—four or five years ago—

Ms Lockey: Two years ago.

Mr Gordon: All right, two years ago—thinking that somebody else should take over the job.

I will be as brief and succinct as I can and try to restrain some of my enthusiasm. First of all, let me assist you, because I think it is relevant, with what we are. Tafelmusik is an orchestra that produces music on period instruments from a particular time known as the baroque period. If you want to hear the Messiah next December, come to ours in Toronto and you will hear it exactly the same way Handel wrote it and on the same kinds of instruments.

Ten years ago, we had an impossible dream with Tafelmusik. No one had any faith in the notion that you could establish in Canada an orchestra playing baroque music on period instruments. It was impossible. The only entity that had any confidence in us was Wintario. They gave us a grant of \$12,000 and we were able to buy the instruments we needed to have. Our first budget 10 years ago was \$8,000. Our budget today is \$1.4 million. From Wintario came the seed money that got this organization started. Since then, there has been an enormous amount of hard work on the part of a lot of people and enormous sacrifices made by the artists themselves. I continue to be appalled, for example, at what we pay artists in this country for the work they do. I say that as a management-labour lawyer.

1150

Ours has been a success story. You have seen our flyer that tells you a little bit about Tafelmusik. That is part of the advertising and, indeed, some of the expertise we develop to be able to get advertising of that nature came indirectly through Wintario and the teaching we had. The West German newspaper, Alte Musik Aktuell, says that our orchestra has produced, "a new

level of baroque interpretation. What a world-class orchestra!" It is nice to hear your clippings. I happen to be an inveterate cyclist and when I take vacations I go over to Europe and bicycle in France. As a part of that, I go to concerts in France. I can go throughout the south of France, to West Germany and I can go to Spain now, and the musicians all know about Tafelmusik, which started as an impossible dream in Toronto 10 years ago.

We have reached the point where we now have a major recording contract with BMG/RCA records. I am not here to sell you a record, but here is the most recent. It is about to be released. You can see in some of the press clippings you have had distributed to you not only what newspapers in other parts of the world such as the United States, England and Europe think of our orchestra and what we do, but also what they have to say about the Canadian cultural initiative, and I think that is important. Again, there are other clippings you have been provided with that show you the effect outside Toronto because our organization does go outside the immediate area of Toronto, bringing its wares, if I may put it that way, or its musicianship to other parts of the province.

From those modest beginnings we have reached the point where we now have 15 full-time musicians on staff, five members of an administrative staff and a budget of \$1.4 million, as I told you. An additional 100 musicians play with us during the course of the season on a basis of individual programs. Eighty-five per cent of our revenues come from sources other than government. We only lost money in one season, so I think we are a good business proposition. A tremendous amount of that success has been as a result of initiatives that have been made possible through moneys from Wintario in terms of education and so on and assistance from the Ontario Arts Council.

What does this all have to do with Bill 119? First, without the lottery moneys we would not have gotten started. Second, continued participation is important in terms of continued growth in the future and permitting us to become what we believe we really are—a national orchestra, Canada's only orchestra, indeed, North America's only full-time orchestra playing on original instruments.

Thirteen years ago, the Legislature of this province made a major and unanimous decision—I emphasize that—to provide fitness, sports, recreational and cultural activities with the support that was available financially through the Ontario Lottery Corp. In effect, they endorsed one of the most important cultural initiatives that this country has seen. Ontario took a position of leadership in protecting and enhancing cultural initiatives in this country. In my view, the Ontario position is rivalled only by the province of Quebec in terms of what we are doing in this province for the preservation of the Canadian heritage and the enhancement of the Canadian culture.

I have an aside on that; an interesting story, actually. This summer I was able to get a vacation and went to France with my family on bicycles. We had a marvellous time. In a beautiful cathedral in a place called Vézelay, we came to look through this cathedral and saw a group of people. Suddenly they coalesced and started to sing. One could immediately identify from the singing that they were French Canadian. It was magnificent. I met the mayor of Trois Pistoles, Quebec, because he was there with this choir from Quebec that had stopped at Vézelay on its way to a major concert in Dijon. As a Canadian, I was very proud of them, and I may say the reviews that one saw the next day were fabulous. A little bit of Canadian cultural and artistic initiatives was exposed to France through that choir that went through Vézelay, and I happened to see them.



I spoke to the members of that group and they had all heard about our group in Toronto. They think we are marvellous and I was glad to hear that. But what I am putting across to you is that there is a province, Quebec, that is very much involved in enhancing and preserving what it perceives to be the culture of that province. As a Canadian, I am very proud of that and I am very proud of what we do in Ontario, especially through Tafelmusik, for example. One of the headlines this summer was "Tafelmusik Conquers Spain." That was in a Toronto paper. A somewhat similar headline was found in the Spanish newspaper. We have had the same kind of thing in France.

What our arts and cultural initiatives are doing, and I am concentrating on that, are giving us an opportunity in other countries in terms of such things as trade initiatives. How can an orchestra have anything to do with trade? We have found that it is a remarkable opportunity for Canadian business to get its name across in foreign countries. I happen to have a client company that is most interested in the notion of sponsoring a tour of a Canadian orchestra. Why? It has 15 plants in Europe and it is a very good marketing tool, particularly when it has a good product to market. Other companies are doing exactly the same thing.

In this country we are finding through the corporate sponsorship program that we are developing, that companies from outside of Canada are realizing the value in sponsoring an organization such as Tafelmusik or the Toronto Symphony or whatever group you want to name in getting their name across to the Canadian public in terms of a marketing program. I think, indeed, the province and the country has a place to play in developing those kind of initiatives.

The matter which concerns us very deeply is what we perceive to be something of an attack, if you like, which is occurring on that original compact to support and enhance the arts and recreation community through the lottery program. We look at it on a national level and I have this morning's Toronto Star. Some of you may have seen it. "Ottawa's Bottom Line Puts Squeeze on Arts." That is a tragic story when you read it. Gentlemen, you are all politicians. How much can you believe of what you read in the newspaper? Nevertheless, that is a message that is getting across.

It seems to us that the federal initiative now seems to be putting the emphasis back to the provinces. The provinces, Ontario particularly and Quebec, are being placed in a position where the responsibility for preserving, enhancing and protecting the culture of this country—that burden will be placed on the provinces. The feds, it looks like, are getting out of the game. As a Canadian, I say that is a great tragedy.

You gentlemen are concerned with the question of priorities. The priorities are, as I understand the equation, we need more money for help. No one in his right mind is going to suggest to you that hospitals do not need more funding or that we do not need more money for medical care and medical treatment. But the question is, in terms of prioritizing within the community, is it appropriate to make a raid, if I may use that terminology, on a program that is already working and working well and find the revenues necessary from that purse?

1200

While our orchestra does support the recommendation made by the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario, while we do endorse that, we do so reluctantly. Our reluctance stems from the fact that

the system that is already in place is working and it is working well. We would prefer, frankly, to see the revenues come from other resources rather than the lottery fund, because the lottery fund has been tremendously important in this province in developing what we now have and placing it in a position to develop even further in the future.

The concern on the health side, which one must have, is: "What do we do about new buildings? What do we do about revenues? What do we do about salaries? What do we do about incomes?" One can feel an enormous amount of sympathy about that.

I am not sure if a musician with a master's degree or a doctorate in music who is obliged to scrape and scrimp and all sorts of other things and be receiving very low salaries to continue with his commitment to the arts has a great deal of sympathy with the salary issue. I am not sure.

It is with that sense of reluctance and my concern about what happens to the arts community that we do endorse the recommendations of the alliance and suggest that the existing capital fund be preserved; that the interest therefrom be reinvested on an annual basis in the arts community; and that a fair percentage—one third, as I recall it—of future revenues be dedicated directly to the arts and recreation community.

If there is any further way that we may be able to help you, I have Ms Lockey with me today. I think she has the financial kind of information that some members may wish to elicit from us, and if there are other matters that I can help you with, I would be delighted to do so.

Mr Cureatz: I have a brief question. As I understand it, you are not speaking specifically for Tafelmusik. Are you on your own now? Are you still receiving Wintario grants for instruments and so on?

Mr Gordon: We still receive some funds from Wintario. What percentage is that, about seven per cent of total revenue?

Ms Lockey: Much less. We receive some funding through special projects from the ministry. We are certainly on our own. As Mr Gordon said, we achieve a very high percentage of earned revenue. We get operating grants from the Ontario Arts Council, the Canada Council, the city of Toronto, Metro Toronto, etc.

Mr Cureatz: So really your plea is not necessarily so much weighted in terms of the funds for your existence as it is saying to us you are one of the groups that made it through the help of Wintario and there will be other groups out there; do not stifle the funding because of the opportunities other groups might have.

Mr Gordon: That is correct.

Ms Lockey: We continue to require those project grants, though.

Mr Cureatz: I appreciate that, but in terms of the seed funding it is different, at least I think, unless I missed something, from the presentations of other groups. Your approach has been a little different in terms of basically saying there are other associations out there that might be passed over in terms of the battle that could take place after the legislation is passed.

Mr Gordon: That is correct. We have brought to your attention what I



perceive to be our success story and the continuing need for funds, but we have enormous concern that other groups will, as you say, come to be stifled or never get off the ground if the funding base is changed.

As a member of the board of our organization, I can see many additional areas of development which can be important in the Ontario community. For example, in musical education, gradually, the burden as one perceives it of musical education is going to come to be shifted over to the arts groups themselves and get out of the educational sector. As I understand it, in some communities, for example, now you no longer can learn to play a violin or a cello in school. It is gone; it is out of the school program and curriculum. That then will impose a burden, a good burden, perhaps, on the orchestras themselves. It will not be very long, I suspect, before someone is saying, "All right, let's form an organization which is directed towards providing musical education in the communities throughout the province." It may be, in terms of baroque music, one potential thing.

If one sits down and thinks about it, there are all kinds of cultural initiatives that are both desirable and perhaps necessary and will come to be stifled with the change in the funding.

Mr Fleet: I found your presentation to be a particularly eloquent pronouncement of philosophy as to why we ought to support the arts, and I simply wanted to congratulate you for putting it so articulately.

Mr Cureatz: For a lawyer.

Mr Fleet: I am not as hard on lawyers as other members are or might be. I am not hard on myself for that reason, but as somebody who tends to listen to rock and roll music almost exclusively, maybe I will have to listen more to baroque music or other orchestras.

Mr Gordon: We do have a record here and it is for sale.

Mr Fleet: I was going to say, if you pressed a little harder. You mentioned it earlier on but did not really continue along that line.

The only thing I would like to add, because you did not deal in particular detail with the legislation—and I said that earlier today so I will not repeat it—is that I do not see this legislation as being a cutback or a philosophic turning around which a number of groups perhaps fear, and perhaps you do. Quite apart from that, I am glad, if for no other reason than that I had an opportunity to hear you put forward the thoughts you did. Quite apart from this legislation, I thought you put the case extremely well for support, publicly and privately, and for the benefits of having an enterprise that perhaps defied the odds and has succeeded. I wish you and all the members of your organization, the performers as well as the other supporters, all the best.

Mr Gordon: Thank you very much.

Mr Laughren: I enjoyed the presentation. It occurred to me that if there were a crunch in lottery funds because of demands from the health care system, which is a horrible way of putting it, because it is actually ludicrous that you would have hospitals competing against cultural organizations—it is laughable and it is sad at the same time—it is organizations like yours that would go down the tube, because there is not a mass, broad-based support out there, the way there is, for example, for amateur hockey or that kind of thing in various communities. Even though I

think you have done a good job of promoting your organization, it is not a grass-roots kind of thing the way amateur sports are.

I worry very much about the potential for this bill to put an enormous amount of pressure on organizations that do not have that kind of support all across the province. I worry about that and I am wondering whether people you have talked to—I suspect at least you are a member of the alliance—

Mr Gordon: Yes.

Mr Laughren: To what extent is there a feeling out there that some groups are more vulnerable than others?

Mr Gordon: If I may assist you on that: First, I am sure that Tafelmusik will survive, because in terms of what we do, we have developed a fairly broad base of support over the years. The board of directors and the staff will just have to work harder and the salaries might be a little lower, but we will survive.

The organizations that will not survive with which I have something to do—for example, an organization such as Quinte Summer Music—will fall by the wayside, and I think that is an important regional cultural initiative. I think the arts organizations that are outside the Metropolitan Toronto area, while they have developed some local popular support, are simply not strong enough yet that they will be able to handle it. They will just go by the wayside, I am afraid.

1210

Mr Laughren: What I was trying to get at too is that if there was intense pressure for those dollars, an organization like Tafelmusik would not have got started in the first place.

Mr Gordon: That is right.

Mr Laughren: That is the big fear. While you, because of all sorts of reasons, mainly hard work, have made your organization viable now and could actually survive because you get 85 per cent from nongovernment sources, that really begs the question of what happens to similar organizations that are trying to start up.

Mr Gordon: If this had happened as little as four years ago, I think it is fair to say we would be dead. We are one of the lucky ones. We have sort of got over the hump, or are close to being over it.

Ms Lockey: Currently, we are getting help from the lottery money for an intern, one of the staff positions, computerization, which we have just got this year. That is thanks to one of the Wintario grants. We have two tours in the same year, one in Europe and one in the United States. These are all funded through the ministry and Wintario sources. That is current. It really does make a difference. As Mr Gordon says, we would certainly survive, but we might have to pull back significantly.

Mr Laughren: Good luck.

Mr Gordon: Thank you very much.

The Chairman: From the questioning, you can tell that the committee found your presentation very worth while.



In closing, a few of the committee people were not here when we started this morning when I made a ruling with respect to Mr McLean's two concerns yesterday. The bill we are addressing is definitely a money bill, and I have been advised that even though it is a money bill, amendments may be made to it.

My recommendation, based on the information I have, is that if you are going to be proposing amendments to the bill, you should definitely doublecheck the wording with legal counsel, because in money bills, if you oblige the minister involved in any way for specific expenses, it is not appropriate.

I also indicated on your behalf, Mr Reycraft, that I thought—the specific question was asked whether we would be proposing amendments on the government side. I said that our impression from our discussion last night was that until we hear more presentations on into next week, it is a little premature to consider that kind of thing at the hearing stage. I took the liberty of making that statement for the record this morning.

Mr Reycraft: That sounds similar to something I would have said. Thank you.

The Chairman: The second point on which Mr McLean wanted a statement made was with respect to the additional kinds of lotteries, like the announced one in the environmental area. There is absolutely no information available to the chair on that particular kind of initiative, so I indicated that.

The final request that the chair made of the entire group was that if you are requesting information from our researcher, I would like that to be put in writing, and when you get to a point where you are thinking of proposing amendments, we want those in writing too, probably after they have been bounced off legislative counsel. If you would do those things, I would appreciate it.

Mr Faubert: Just to clarify, I understand some requests for research were made at the end of the session yesterday. Are you saying that those are not valid or are not being acted on?

The Chairman: No. The request was made by Mr Farnan in the context of about a 10-minute dissertation, because we got sidetracked partway through it, and it is very difficult to know exactly what the request is when it is just made verbally, off the cuff in the format of the committee. I think what we really ought to be doing on these requests for information is formalizing them, putting them in writing and reading them into the record. That way we will know exactly what is being requested.

Mr Laughren: Verbal requests are not worth the paper they are written on.

The Chairman: We make the odd mistake even though we are very competent up here. We are trying to cut down on that kind of thing.

Mr Farnan: The requests I made yesterday are already being seen to, I take it.

The Chairman: Exactly. The other point I would like to make to the committee is that the first presenter this afternoon, the two o'clock one, the Waterloo Regional Library, cancelled this morning, so we will not be starting until 2:30.

The committee recessed at 1215.

CA20N  
XC16  
-624

G-6b

SEP 12 1989

STANDING COMMITTEE ON GENERAL GOVERNMENT

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

TUESDAY 12 SEPTEMBER 1989

Afternoon Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)  
VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)  
Bryden, Marion (Beaches-Woodbine NDP)  
Callahan, Robert V. (Brampton South L)  
Charlton, Brian A. (Hamilton Mountain NDP)  
Cordiano, Joseph (Lawrence L)  
Cureatz, Sam L. (Durham East PC)  
Fleet, David (High Park-Swansea L)  
McLean, Allan K. (Simcoe East PC)  
Ruprecht, Tony (Parkdale L)  
Sola, John (Mississauga East L)

Substitutions:

Brown, Michael A. (Algoma-Manitoulin L) for Mr Sola  
Farnan, Michael (Cambridge NDP) for Ms Bryden  
Laughren, Floyd (Nickel Belt NDP) for Mr Charlton  
Reycraft, Douglas R. (Middlesex L) for Mr Ruprecht

Clerk: Carrozza, Franco

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Canadian Stage Company:

Osmond, Lynn, General Manager  
Leech, Jim, Incoming President  
Bulte, Sarmite, Member, Board of Directors  
Caplan, Gerry, Member, Board of Directors

From the Boys and Girls Clubs of Ontario:

Macpherson, Richard, Chairman  
Sinclair, Jack, Member, Board of Directors  
Robertson, Patricia, Member, Board of Directors  
Rew, David, Member, Board of Directors  
Price, Marion, Member, Board of Directors  
Eastman, John, Member, Board of Directors

From the Ontario Amateur Wrestling Association:

Hare, Rod, Vice-President, Administration

Individual Presentation:

Harrison, John, Former Chairman, Provincial Steering Committee of the  
Community Arts Councils of Ontario

From the Ontario Association of Archivists:

Bunting, Jennifer, President

LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON GENERAL GOVERNMENT

Tuesday 12 September 1989

The committee resumed at 1436 in room 151.

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989  
(continued)

Consideration of Bill 119, An Act to amend the Ontario Lottery Corporation Act.

The Chairman: The chair recognizes a quorum. Welcome to the standing committee on general government. The first presentation this afternoon is by the Canadian Stage Company. I believe the point person this time is Lynn Osmond. She is joined at the table by Jim Leech, Sarmite Bulte and Gerry Caplan.

Mr McLean: On a point of order, Mr Chairman: I do not want to take the time away, and I am sure you will allow them their half-hour, but I noticed in the wrapup before lunch that you indicated, with regard to the bill—it is a money bill—that any amendments should be carefully scrutinized with regard to any amendments proposed. We have at least 100 written submissions that all indicate one thing, that these people who wrote are opposed to this.

I am wondering if the government has any amendments that they are going to bring into the bill, and if they have, I think those amendments should be placed before us so that the people coming here to make a presentation know what the amendment is going to be and so that they can have some input into that amendment. If we are going to sit here and listen to these delegations day after day, and they all seem to be the same type of presentation, then I think those people should have the opportunity to comment on what those amendments are, if the government is bringing in amendments.

Mr Faubert: Is that not being presumptuous?

Mr Callahan: It would be rather presumptuous, I agree with my colleague, if we have not heard even half or a third of the delegations to this point, to anticipate what the rest of them are going to say. We do not know what they are going to say. If you want to sit here as a judge and hear the facts, you had better hear all the facts before you make any determinations of that nature.

Mr McLean: What I have said is that we have over 100 written submissions, all indicating one thing. I have said that if the presentations that are going to be made are the same way, then I would presume that the government would be bringing in some amendments or would be thinking about it after they have all this material and after what we heard yesterday. If they are not going to bring any amendments in so that these people have some say on what is going to happen, I find that is not right.

Are they going to have a chance later on to come back in public hearings to make a presentation with regard to the amendments? Are we going to go through two weeks of hearings, then all of a sudden say, "Here's an



amendment"? They have no say, they have no input into the amendment at all.

The Chairman: I think that your point was made both this morning and this afternoon. I took the liberty of talking to the parliamentary assistant for the Ministry of Treasury and Economics, because of the comments I made this morning, just to make sure that I was not lying. His comments reflected pretty well what Mr Callahan pointed out. Obviously, all of these deliberations are being monitored by ministry officials because the room we happen to be sitting in is on television and the regular Hansard capability is here. They think it is premature to come up with anything specific until well into the second week of deliberations.

As chairman of the committee, I think that is a very good idea. The purpose of the hearings is to hear the verbal reports. You are right, we have in excess of 100 written reports already, but some of those 100 written reports are being backed up by verbal reports by the same groups. I think we should listen as long as we can before we presuppose what sort of ramifications or modifications we should make to the proposed Bill 119.

Mr McLean: Then we can look forward to some amendments or government input by about next Tuesday?

The Chairman: I cannot speak on behalf of anybody. They may not come until we actually get into clause-by-clause which is slated for the third week.

1440

Mr Fleet: It is understandable that Mr. McLean would talk about the government as if it is a monolith, and in some respects I suppose it is; there is a government side. But as well, the reality is that members from all sides will form opinions and may or may not choose to offer amendments. But certainly I know from the experience I have had on this committee when we have dealt with other legislation that the people who came before us made comments. They also provided written briefs, sometimes when they came to speak, sometimes in advance.

I know that when we dealt with the aggregate resources legislation, which was dealt with very thoroughly by this committee, I formulated a number of opinions about amendments that I think were reflected in the final outcome of the bill that did not happen at a particular point in time when I could say, "Gee, after two days or a day and a half of hearings, now I know exactly what we ought to do."

I think the benefit we had with that process was we listened to people, as I expect we will continue to listen to all of the representatives who come forward, and we formulated opinions really at the end of that process. It worked very well. I think to give members on all sides their proper due, we should look to use that kind of process.

Mr Farnan: Being relatively new here, let me say that I have formed some opinion as to the way this system works. I have gone through Sunday shopping hearings, and I see exactly the same process developing as for Sunday shopping.

We hear hundreds of delegations who say to the government, "You are wrong, you are breaking your word," and at the same time we go through a façade. Basically this is what it is, because the Treasurer (Mr R. F. Nixon) has made up his mind, he had decreed. There is no evidence that Liberal

backbenchers are prepared to stand up and say, "We are listening to the delegations." On Sunday shopping, not one—

Interjections.

Mr Farnan: On the Workers' Compensation Board, Bill 162, not one—and there is going to be no difference on this.

The Chairman: Mr Farnan, I think you are out of line here, and as the chairman of this particular committee—

Mr Farnan: It may be embarrassing for the government, Mr Chairman.

The Chairman: No. Let me give you some facts with respect to this committee, if I may. The number of amendments on the Aggregate Resource Act were in excess of 110. I made the point this morning that if this thing is going to be worked out in a nonpolitical forum, which is quite possible in this particular committee, your critic, Mr Laughren, and the critic of the third party, Mr McLean, should be talking on a continuous basis as we hear the evidence that is presented to us by the component groups.

As a person who is very interested in seeing that the arts and other groups in Ontario are funded properly, I resent the implication that you are making with respect to the way other committees work relative to the way that I chair this committee.

Mr Farnan: I am not questioning your interest in the arts. I am not questioning the manner in which you handle the chair. What I am questioning is the process the government is going through and giving a total façade that all these people will come and it will make some kind of difference. It was the same on Sunday shopping, it was the same on the WCB, and the reality of the matter is that these groups are whistling in the wind. The Treasurer has decreed what will happen. That is the reality, and I think every group should be told that prior to its presentation.

Mr Sola: Mr Farnan speaks on his own behalf.

Mr Callahan: Mr Farnan seems to have a much closer connection with what is going on in the Treasurer's office than I do. I would think that if I were sitting here for three or four weeks listening to all these briefs without the potentiality that something would come out of them that would affect the bill, I would consider that to be inappropriate.

On Sunday shopping, I agree, there were not that many amendments, but I do not think you can take one committee and say that every other committee will be the same. I find it interesting that you have this ability to read the future. If you have information that you know about, share it with us, because I do not believe that to be the case necessarily. I think that we are here to hear, to listen. Let's listen. We are wasting time.

The Chairman: I would like to make a final comment on this and then let the delegation that is in front of us do its presentation. I really would like to underline one more time, for the benefit of the audience and the presenters, too, that there are a lot of us here who are very seriously interested in hearing your comments. We will do what we can to make an accommodation for whatever is proposed. There is already a commonality coming out in the briefs that are being presented to us. You have my commitment as the chairman of this committee, providing the kind of rhetoric that has just



gone on here does not keep going back and forth, because the committee is going to be hamstrung.

If we start playing politics day after day after day with every delegation that comes before us, we are not going to be able to accomplish anything. If that had happened in the first two days of the deliberations on the Aggregate Resources Act when we got into the clause by clause, we would not have accomplished anything. That is not what happened. We did things as fundamental there as redefine what we meant by "environment," so that bill reflected more accurately what we had heard from umbrella groups province-wide that were interested in that bill.

I continue to be impressed with the calibre of the presentations that are coming before this committee. You have my pledge, as chair of this committee, that we will do what we can to accommodate those requests, providing they continue to be as reasonable as the 14 that we have heard so far.

I think, without any further ado, that has been a fairly lengthy point of order and I apologize for getting you going 15 minutes late, but you have 30 minutes for your presentation. Lynn, would you begin, please?

Ms Osmond: I will turn it over to Jim Leech, our chairman.

#### CANADIAN STAGE COMPANY

Mr Leech: On behalf of the Canadian Stage Company we thank you for this opportunity to address you today concerning Bill 119, An Act to amend the Ontario Lottery Corporation Act. My name is Jim Leech and I am incoming president of the Canadian Stage Company, which I hasten to point out to everybody is supposedly a voluntary position. In my real life, I am president of Unicorp Canada Corp.

If it is acceptable, we propose to present our views in four distinct segments. First of all, I will endeavour to give some background on Canadian Stage, basically from the point of view of a volunteer board; next, I will ask the theatre's general manager, Lynn Osmond, to outline how important the Wintario program has been to us in building the Canadian Stage to its present place; then, Sarmite Bulte, another board member, will put forward our recommendations with regard to the bill; and finally, Gerald Caplan, a third board member, will wrap up our presentation. Is that acceptable?

The Chairman: Fine.

Mr Leech: The Canadian Stage Company is the largest nonprofit theatre organization in Toronto and the third largest in Ontario. We are a member of what is called the "big six" cultural organizations. The other five are the Toronto Symphony Orchestra, the Canadian Opera Company, the National Ballet of Canada, the Stratford Festival and the Shaw Festival.

Canadian Stage was formed last year in April 1988 through a merger of the Toronto Free Theatre, a Toronto-based theatre which had been operating for about 15 years, and CentreStage Company, another Toronto-based theatre which had been operating for over 20 years.

During the course of those merger discussions and subsequently, we were supported and encouraged by the arts community at large in this province, by the various government agencies with whom we deal, by the public at large and

by the private sector, primarily because of our unique mandate—a mandate for a theatre company whose time had truly come.

I would like to repeat what that mandate is, just so the committee does have an appreciation. There are four basic components. The first is that we would be important, and that is, able to exert a major impact on theatre in this country. It means being big, but it means more than just being big. It means having a financially sound base. It means taking risks that will put Canada at the forefront of international theatre. It means being a leader.

The second was to be Canadian; to be able to help push our theatre industry—that is, the writers, the actors, the designers, directors and all of the support people—to new professional heights; to bring new awareness of Canadian talent to theatre-goers in this country. It should be noted that in our very short history, the biggest hits which we have launched have actually been Canadian plays—plays which, after opening on our stages, are now bound for Broadway. Clearly our audiences have responded to this Canadian bias.

1450

The third pillar was to be populist, to provide the very best theatre possible to the broadest possible audience. To be populist not in the sense of providing bland entertainment, but in the sense of accessibility; to make theatre available to the economically deprived as well as the wealthy, to the young as well as the mature, and to the novice as well as the sophisticate. In order to ensure accessibility to our many performances to the widest possible audience a number of our productions run on a pay-as-you-can basis. We have a special travelling program aimed at the senior high school/junior college level around the province.

The fourth pillar was to be challenging, that is, to constantly challenge the norms in all areas of what we do.

In less than two years of operations the company has already reached out to a large number of Ontarians and has received great critical acclaim in our diverse activities. You see, Canadian Stage is not just an ordinary theatre company. Annually we launch 12 productions which will play to 150,000 theatre-goers this year on three different stages. In addition, we operate The Dream in High Park, which is a Shakespearean production held free of charge under the stars in High Park. The Dream has become a Toronto summertime tradition with over 50,000 people attending this year's production of The Comedy of Errors.

We operate The Forum, which is the only public affairs forum in the city of Toronto. Last year we exposed approximately 23 issues to public debate by over 6,000 concerned citizens.

We operate The Hour Company, a theatre company that travels throughout Ontario aiming to bring the joy of live theatre involvement to senior high school and junior college students.

As part of this plan, we will be building a new theatre complex which will be unique in Canada and will enable us to fulfil this exciting promise. As you can see, we are in the process of developing a Canadian theatre with a Canadian mandate of an international status.

However, these great strides that have been taken for the arts and Canadian culture could not have been possible without the Wintario program.



From any perspective, theatre is no different than business. It requires both human and financial capital to survive and flourish, to dare to take that risk. There is probably no more challenging environment than that now faced by the theatre community in this province. Competition has grown by leaps and bounds and now includes commercial theatres, home movies, a winning ball team and, in fact, any number of other leisure time activities that we all choose to do.

At the same time, our audiences are rightfully demanding higher and higher standards of quality because they know how good we can be and they are pushing us to that very limit.

If we are to be true to our mandate, if we are to dare to take that necessary risk, we will need the ongoing investment of human and financial capital. In the past the Wintario program has given us the confidence and the wherewithal to take on that challenge. From where I sit, I believe that the stability and support that the Wintario program provides will be even more important in the future.

I would now like Lynn to take you through the support that the Wintario program has given us over the past number of years.

Ms Osmond: Thank you. First of all, I would just like to emphasize that the Canadian Stage Company operates on a very tight budget because we are restricted by revenue that is based only on inflationary increases, ticket increases, the inflationary or frozen government grants. We also have a very competitive fund-raising environment that we are operating in. Without special Wintario grants that are available to us, it would be very difficult for us to upgrade our organization to meet the demands of today's society.

The Wintario program over the past two years has given the company the ability to take risks to get us to where we are today and we are going to need the Wintario program to continue to get us further into the future.

Over the past two years we have benefited from the investment in the arts program, which has resulted in a \$400,000 endowment fund, giving the company an endowment to secure its future; Class Connections, a program which has enabled us to develop educational programs for the youth of today and for audiences of tomorrow; organizational development, a program which assisted us to launch the new company and make Canadian Stage Company a name that people in Toronto knew and were aware of; management development, a program which assisted us in the development of our staff so that they would be able to contribute to make a stronger organization; community facilities improvement, a program which has assisted us in building an exciting complex to house our theatre operations.

Just to add to that, our company will be moving to our theatre site at 26 Berkeley Street. Many thanks to the program of the Wintario funding facilities improvement and also, this year in particular, for a special financial stabilization grant which literally made it possible for us to be here today making this presentation to you.

So as you see, the Wintario programs are an integral part of our programming and we need them in order to continue to develop and be competitive in this ongoing marketplace.

I would like at this time to pass it over to Ms Bulte.

Ms Bulte: You hear and have heard how the Canadian Stage Co is dependent on that Wintario funding. The Canadian Stage Co is very concerned that Bill 119 does not provide a minimum guarantee of funding for culture and recreation. This is a major concern and, as a result, the Canadian Stage Co would propose two amendments to Bill 119.

First, we would like to ask of the committee that the accumulated and unused lottery profits of approximately \$400 million be treated as a trust fund and that the interest which is accrued thereon be allocated annually for the support of culture, recreation, sports and fitness. Now this would be a way of meeting the needs of the Ontario cultural community as set out in the five-year plan of the Ontario Arts Council.

I believe the question here is, whose money is it? It is our respectful submission that it is money that was earned during a period when funds were meant to be used directly for culture, recreation, sports and fitness. While you can change that now, you cannot take away what you gave us before, we would respectfully submit.

The second thing we would ask of the committee is that one third of ongoing profits from all six lotteries should be allocated for support of culture, recreation, sports and fitness and thereby again addressing our concern that under Bill 119 there is no minimum guarantee of funding for culture and recreation. The potential is there, yes, that one year the arts could be very well endowed, but in the next years there could be nothing. The Canadian Stage Co cannot operate without Wintario funds; without those funds we will cease to exist.

For the record, we would also like to point out that the Canadian Stage Co concurs and supports the recommendations and proposals made by the Theatre Ontario and the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario.

We would respectfully submit that Ontario has been regarded as a leader in innovative funding of the arts over the past 25 years. Its achievements from this funding are seriously at risk if funding cutbacks or downsizing continue to occur.

Mr Caplan: I should say that Sam Bulte and I are members of the Canadian Stage Co's government relations committee and the other two members, who could not be here, are Michael Kirby and Roy McMurtry. Apparently I am authorized to say that I speak for them today, which I do not always do. I do not know whether they actually would share my great pleasure in hearing the third party referred to in this room and not meaning a party that I have had some association with over the years. It is a warm feeling for me, if not for them.

As you know from hearing 14 previous petitioners, the arts community is in crisis everywhere in this country, in this city and in this province. You already will have seen or heard about Val Sears's unusually good piece in the Toronto Star this morning in which he documents with figures what is happening to arts and culture all over the province. For most organizations and for most of the individuals in the arts community, simple survival takes as much energy as the creative end that it is supposed to achieve.

I have been on the board for two years. Without exception, I can tell you that the majority of every single meeting that I go to—I am on the executive committee as well and it is true of those meetings—is taken up with



the latest problem of financial crisis. I can tell you that the Canadian Stage Co came very close to going under this year, and if it were not for an emergency fund-raising appeal that cannot be replicated every year, it would have done so.

I suppose that Canada or Toronto can live without the Canadian Stage Co; I suppose it can live without the Tarragon and Young People's theatres; I suppose Edmonton can live without the Citadel Theatre and Halifax without the Neptune Theatre; and I suppose Ontario can do without Shaw and Stratford and maybe the country can do without the CBC and TVOntario and all those marching bands that the Ontario Arts Council funds. We can live without all of those, but I want to tell you that if they are to survive in this country, they cannot do so without funding from the state, from the public sector. This is true because at every level, as you surely know, at the federal level trickling down through the provincial and municipal levels, funds are cut back and the arts and cultural community is being hurt badly.

#### 1500

Corporate sponsorships are simply not the answer. If anybody ever tries to sell you that, they are selling you swamp land in Florida. The truth is twofold. First of all, the generosity of the corporate sector is very limited in this country. It is true in the area of welfare and it is equally true in the area of cultural support. Second, the impact of corporate sponsorships on whatever art form they have moved into inevitably skews and distorts the way that art form then works. We have seen it in the Public Broadcasting Service in the United States. We have seen it in the move of art galleries to have corporate sponsorships, because what the corporate world inevitably is going to do—I do not mean this in any critical way; it would be crazy if it did anything else—is it will support the safe, the traditional, the established and the prominent. If you have something new or innovative or experimental, you will not get that money. It will come from the state, from the public, or it will come from nowhere.

Let me say in my erstwhile political capacity that I have no illusion whatsoever, and I dare say that the three of us here also do not. We know we are not asking for anything easy. We understand that the demands on the Legislature of Ontario, as on every other Legislature in this country, are enormous and unending. We are here for culture and the arts. You have recreation and sports in your own mandate. Somebody is going to want to build housing in this province and "I want more money for foreign aid." I understand that reality. It is never going to change. It is always easiest to cut the arts and culture out. It always seems less urgent than the other needs and maybe in some ways it is.

But let me say this to you, in closing on behalf of the Canadian Stage Co: There is a cost of being a Canadian. There is a price to be paid for being this country. We have paid it for 125 years and there has been a collective sense in this century and a quarter that unless certain collective actions were taken, we, given our precarious existence in this northern half of the hemisphere, simply could not survive.

Of no area is that truer than the arts and culture. They will wither away without proper state funding. It is not a apocalyptic to say, it is not apocalyptic to envision a future in which most of the art and culture that we get, we get on television sets and videos from another country. We are not another country. We are Canada and we are different. The way our differences get transmitted from generation to generation, the way our stories get told,

our legends get created, the way a national character gets built is by us doing what we alone can do. Frankly, there is a large responsibility in your hands in this committee, Mr Chairman, to see whether that character can continue to be built.

The Chairman: Thank you very much for an excellent presentation. Mr Laughren would like to comment or question you.

Mr Laughren: I appreciated the presentation; most eloquent. I had a couple of questions and perhaps a comment. I know you represent different organizations and this may be a difficult question, but I want to know how important the lottery funds are, how you measure that importance in terms of the dollars. Is it more important in some organizations than in others?

Ms Osmond: Just to represent the list that I read off to you, over the past few years, which has benefited the Canadian Stage, is over \$1 million. That is an exceptionally large proportion of funding due to a capital improvements program and due to the investment in the arts, but this is a very significant level of funding. What we have found to be most beneficial is that it gives us the ability to have capital money to do things that are beyond our inflationary increases, such as purchase computer equipment or the facilities improvement program or marketing initiatives, etc, things that we could not do on an inflationary level of funding.

Mr Laughren: Would 10 per cent of your funding come from Wintario?

Ms Osmond: It changes on a yearly basis. Some years, if we have a capital improvement program, then it is far more than 10 per cent. Other years it would be 10 per cent.

Mr Laughren: We have had expressed from most organizations that the accumulated profits are in the neighbourhood, if you just use the Ontario lottery and not the interprovincial Lotto 6/49 and so forth, it is around \$400 million that has accumulated over the years. If you include all the lotteries from the interprovincial, it is over \$1 billion.

Mr Laughren: We have had expressed from most organizations that the accumulated profits, if you just use the Ontario lotteries, not the interprovincial ones, Lotto 6/49 and so forth, are in the neighbourhood of around \$400 million that have accumulated over the years. If you include all the lotteries, it is over \$1 billion by numbers. I disagree with the Treasurer a bit; I think it is about \$1.6 billion by the end of this year.

I think the mistake some groups make is that they cannot take it away from you. It is already gone. That money is already gone. It went into the consolidated revenue fund. It is spent. That is what is going to make it difficult moving amendments, which some of us would like to do, to set aside the equivalent, even if it is only the \$400 million, and use the interest on that as an endowment for funding the arts. That is going to make it very difficult, because at this point in time that new money—I hate to call it new money, because it was there—is going to have to be found and created as a separate pool, so it is going to make it difficult when it comes time to doing that.

On the other hand, setting the one third aside from lottery profits as a minimum is not difficult to do, because you are talking from this point on that is the way it is going to be.

Members of the committee, some at least, will be trying to accomplish



those two things, but one is much more difficult than the other, just so you do not have any illusions that the money is there and that this bill will take it away. That money is already gone. It is gone retroactively, but it is gone.

Anyway, I appreciate your comments. Also, just in closing, I agree with you that if government says to the electorate out there—and I hate to put it in such a way, but this is the reality—"I'm sorry, but we had a choice; we could put the money into hospitals or into arts and we decided on hospitals," it is a very difficult argument. I think it is a horrendous argument, it is a ridiculous argument, but that is what has happened by building into this bill the words that what does not go to the arts and culture and recreation goes to hospitals. That is what makes it so very difficult in a political sense.

Mr Reyecraft: A question for Ms Osmond. You indicated, as you detailed to us the different grants you have received over the past couple of years and as you responded to Mr Laughren's question, the importance of grants and lottery funds to the Canadian Stage Co. I sensed as you described that a reasonable satisfaction with the kind of public support you had received over the past couple of years. Is that a fair assessment of your presentation?

Ms Osmond: The public support through Wintario. We feel we have been well treated by Wintario programs.

Mr Reyecraft: So it is fair for us to say that even though the government was not spending all of its lottery revenues in those two years on culture and recreation and sports and fitness projects and even though we were under the kind of tremendous pressure for additional money, not only for hospitals but for schools and environmental projects and so on, the government was responding in an adequate way, in a fair way, to the needs of your organizations.

Ms Osmond: I would have to go back farther than the last two years, because of course the last two years have been a very novel situation. We have been a new company. The Canadian Stage Co has received a lot of support from all levels of government because the mandate is unique, as Mr Leech pointed out.

Perhaps we should analyse some of the reasons why we merged. When the two companies merged, CentreStage brought to the marriage a \$900,000 deficit and Toronto Free Theatre brought to the marriage a \$300,000 deficit, which we have been trying to eradicate over the last few years. They merged partly for economic reasons.

I can say we did not receive the full support in those prior years. The mandate was not the same, so therefore we were forced into a situation where a merger was the best way to go ahead and develop the company.

Mr Reyecraft: Thank you for that. If I may ask another question—

The Chairman: One more short one; I have two more questioners.

Mr Reyecraft: I will make it as brief as I can. It is with respect to the proposal that we have received from the alliance, the same one that you put forward today, that the unallocated surplus be placed into a trust and that the interest on that be used for operating grants and that one third of the annual profits from lottery programs be used for capital grants. The estimate that has been bounced around in here and on which I think there is a consensus, is that this would provide, in terms of current levels, about \$200

million per year. That is probably less than is being used out of lottery funds now. Certainly, it is less—much less—than is being used for the support of culture and recreation programs now in the province.

1510

Do you not have a concern that in the face of continuing and probably increasing pressures on government for additional funding for health, education, social services and environmental projects, once a guarantee like the kind you have advocated was in place, there might be a tendency of the government to say, "Culture is okay and recreation is okay because they have this guarantee of so much money from lottery programs; therefore, we can allocate less other money from the consolidated revenue fund for those things," and they will use the CRF for those other needs that I described? Are you not a bit concerned that might become the predominant source of funding for culture and recreation projects in the province to a greater degree than it is now?

Ms Bulte: I think one of the things we are addressing here is that in the new legislation there is no minimum guarantee. Technically, all of the money raised from Wintario could go to hospitals. We are not here to judge or comment on the need for that. What we want, by proposing the proposal that we have, is to guarantee at least some minimum type of funding so that in one particular year we are not looking at the fact that there are no moneys available at all.

In this type of business, the deficit continues to climb year to year and there cannot be those years where there is no funding coming. That is why we request an alternative proposal to require a minimum guarantee. The one third is the minimum amount that we would request to be set aside.

Mr Caplan: Our fear is precisely the opposite of yours, that in fact there may be whole years when that priority list you read seems so heavy that it would be deemed that nothing could be afforded from this source for culture. One knows how government works. That could happen. We want to make sure that does not happen.

Mr Reycraft: If I pursued the matter, you would accuse me of being argumentative, Mr Chairman.

Mr Callahan: I would like to pick up on a point that my colleague Mr Laughren made. If you go back to the original Bill 344, which was passed under the former government, everybody seems to keep talking about this trust that was imposed. I think it is important that one look at section 9 of the bill and the words that were used by that government, which really, in my humble opinion, have not created a trust at all. They used the words "to be available." Those were very shrewd political words because all it says is, "I'm putting this aside to be available for you." It does not guarantee that you get it. It is still in the consolidated revenue fund. I am sure that was the case because I recollect that during those years it was to be available for special events like a month or two before an election or whatever. It was used as a slush fund and I do not think there are any two ways about that. Things would suddenly happen before elections. So you really did not get any guarantee there, it was just "to be available."

Precisely the thing that Mr Caplan said was that if their priorities were towards building bridges or something else that was a higher political priority, then you did not necessarily get your moneys from that lottery. They



used those words at a time when they had no idea how much money was going to be gained from this lottery. We now know it is a great windfall.

I agree with Mr Laughren that the first part is very difficult because the former government, when it put the words in there, put in words that were a very fine art politically—"to be available." What does that mean? If they wanted to impose a trust, they could have said, "Those moneys are held in trust in perpetuity for arts, recreation and so on," but they did not.

The next concern I have, or the one I just put to you, is that if the government decided to accept your recommendation that there be a guarantee of a third of the future lottery profits available for your group and for recreation and parks, does it not concern you—and I know someone will come back with a quip; they did yesterday—that if the lottery profits start to dissipate—I mean, I am finding that out in my own riding. Bingos are the big thing, people are supporting everything with bingos, but they are finding that the bingo dollars and the bingo time are starting to dry up, so some groups cannot get in at all.

If the lotteries, as a result of the steps that might be taken in terms of more lotteries coming into place, particularly if the Olympics are brought forward and we get into an Olympic lottery where perhaps the moneys do not come into this fund—are you not concerned that you might find yourself with a shrinking third? The government would have a perfect opportunity to say: "Well, you wanted a third. You got it. The moneys have shrunk, so we're not going to give you any more."

I weigh that against the other one that I recognize as your concern, and it is a legitimate concern, I guess, in terms of any government; that is, do we trust them? Are they going to care about us in the tough times as well as in the good times? I suppose that is a leap of faith, but as my colleague Mr Reycraft said, you have been dealt with since 1985 in a pretty fair fashion. You have got twice the rate of inflation, as I figure it on the figures that are there, in terms of moneys that were available. Is that not the case?

Ms Osmond: I think I have to readdress my comment that I made originally. We have been very generously dealt with for the last two years, but before then I would question the dealings.

Mr Callahan: Before 1985.

Ms Osmond: Before the merger, before 1987.

Mr Callahan: So you have been dealt with fairly since then.

Mr Caplan: It was part of the accord. That was a mistake, I think.

Mr Callahan: One would have thought, Mr Caplan, that if the accord had an effect on it, it would have been generous between 1985 and 1987.

Mr Caplan: One would have indeed, yes.

Mr Callahan: So your argument really, I suppose, flies the other way. Do you not have a concern about the one third, that if it does shrink, you will be trapped in that one third?

Ms Osmond: I think I have to go back to the statement that was made originally by Mr Caplan and Ms Bulte. We are in a very competitive

environment. Who else would want to be classed with the Ontario hospitals? It is almost a no-win situation, I think we are discovering. Perhaps we should have asked for one half as a minimum guarantee, but we understand the situation we are in. What we are trying to do is guarantee that we do have money every year, and I certainly hope the government will feel that arts and culture is a priority so that the one third will not be adhered to strictly and that it will perhaps be 50 per cent in some years.

Mr Callahan: So you are saying you want it locked in but then you want them to give you greater.

Ms Osmond: We are saying that we want a guarantee that there is a minimum so that in no year will the arts get no funding from the Ontario Lottery Corp.

Mr Callahan: Hospitals certainly do not have that, nor does any other service of government have a guarantee.

Mr Leech: That seems to come back to the question of the wording of paragraph 9. I am certainly not a lawyer, although I seem to spend three quarters of my time reading legal agreements, and the words "may be available for," as a layman reading it and a nonlawyer, certainly indicate the direction and the intent the government wanted. You talk about a leap of faith. It is that leap of faith I would like to make.

The Chairman: Could I move on to Mr Farnan, please? We have only about a minute or so left, and I would like him to practice brevity in question or comment.

Mr Farnan: I think I can be brief on this occasion. I am interested in the line of questioning that my colleague Mr Reycraft has taken with a couple of delegations in terms of putting it on the record that indeed the group is pleased with the level of support it has been receiving. I am not too sure of the value of this. I know there are some groups that obviously will be pleased. There are other groups that will feel they could have been dealt with a little more generously, and there are hundreds and thousands of groups that applied legitimate submissions for funding that were denied. Unless we were to put all of that on the record, getting one or two people who said, "Yes, we are really pleased with the way things went"—I would probably be doing the same thing myself if I was sitting on that side of the table, but I am not too sure of the value of it.

Mr Reycraft: Is it my questions or their answers you object to?

Mr Farnan: The one thing that keeps coming up is this guarantee. I was talking to a friend of mine the other day. He was talking about someone you all know and love dearly, Mel Swart. He said, "You could take Mel's word to the bank and it was as good as a cheque." That is the kind of reputation so people in a transaction have this instinctive feeling of trust. This guarantee that the groups one after another come up with—"We want some kind of guarantee"—makes you feel that maybe there is not the element of trust. One way of at least providing the element of trust would be to give a guarantee of minimal funding.

1520

The guarantee that is being requested by the groups, not just by this group but by virtually all the groups that have appeared before us is the



figure of one third. It does not lock the government into a situation of using that as the barometer for funding; it does not deny the government the possibility of being more generous with the arts and recreation if it so designs. What it does say to the groups is, "You have this minimum guarantee that no matter what happens, the arts, culture, sports and recreation have a priority and a place in the agenda of this government that we will adhere to, and you can trust us." By putting that into writing, I think it gives the groups the kind of assurance they need, based on their experience of the last 14 years. I think they have been burned.

Mr. Reycraft: Is this a question or a speech?

Mr. Farnan: It is not a question, it is a comment, and I think comments are acceptable. I think there is a need to hear what the groups are saying when they are talking about a guarantee. It is not asking you to give a minimal guarantee; it is saying, "If there is a minimum, that's fine, but you can be as generous as you want with the arts." Hopefully that will be the problem.

The Chairman: I was very relieved to hear that this was a comment and not a question. Ladies and gentlemen, I would like to thank you very much for your excellent presentation once again.

Our second presentation this afternoon is on behalf of the Boys and Girls Clubs of Ontario. Richard Macpherson, the chair of that group, Jack Sinclair, David Rew, Patricia Robertson, John Eastman and Marion Price are all members of that group. You may need to draw up a couple more chairs. Because there are six of you, I would caution you as you speak to make sure you are directing your voice at one of the microphones on the desk in front of you. Just take a moment to relax and settle in. Whoever is the spokesperson can introduce everybody so we know who is who.

#### BOYS AND GIRLS CLUBS OF ONTARIO

Mr. Macpherson: Mr. Chairman and members of the committee, I would first like to thank you for the opportunity you have given the Boys and Girls Clubs of Ontario for making a presentation today and helping you or assisting you in making a very difficult decision. The people we have to speak to you today represent many aspects of our organization from cities across the province. Jack Sinclair is from Thunder Bay, Pat Robertson is from Scarborough, David Rew is from Peel, Marion Price is from Hamilton, John Eastman is from Toronto, and will speak to you later about the youth perspective, and I am from Peterborough.

As a volunteer member of a board, the Boys and Girls Clubs of Ontario, I would like to first begin by giving you a sketch of what a typical Boys and Girls Club is and then each of the people speaking will speak more specifically to the issues and how we need your help. If you walked into a typical Boys and Girls Club, you would find youths from the age of two to young adults. These youths are mostly economically disadvantaged. They would be involved in many activities within that club. Those activities would be recreational, health and social services. There are nutrition concerns among the youths in Ontario. These individuals or the children in the clubs are trained in cooking, in how to deal with health concerns.

I would like to call on Jack to begin a presentation.

Mr. Sinclair: In Thunder Bay and throughout the north, lottery funds

have been provided for a multitude of recreational facilities and services. Ball diamonds, recreational centres, playground equipment, golf courses, fitness centres, renovations to arenas and pools, and lighting for ski trails have all been facilities that have been built out of lottery funds.

In 1981 the Thunder Bay Boys and Girls Club was the proud recipient of a Wintario grant to do capital renovations to a badly needed facility. Wintario funds have also been granted recently to the Boys and Girls Club for recreational equipment.

It is through the use of lottery funds that recreational programs and facilities are maintained, improved and delivered to today's youth. Recreation is not a "soft" service. It is very much an essential service. It is through recreational pursuits and healthier leisure time activities that we can provide alternatives to the use of illegal drugs by today's youth.

Just prior to being named the Minister of Tourism and Recreation, Ken Black was appointed as a one-man task force on illegal drugs in Ontario. The Thunder Bay Boys and Girls Club was honoured to host a consultation with him and other community agencies regarding that topic. From that consultation and a widespread consultative process throughout the province, a number of conclusions and recommendations were made.

Recommendations centred on the supply of illegal drugs in the province as well as the demand. The demand side of illegal drugs in the province was of major concern: how to decrease the demand among our youth. Simply put, it is a reverse marketing strategy. To decrease the demand, our youth must be able to make knowledgeable decisions. Their self-esteem, confidence and sense of values must be firmly in place. In order for this to take place, the people responsible for the allocation of human, financial and physical resources in the recreational delivery system must become proactive and less reactive.

The resources can easily be increased by maintaining lottery funds already allocated for this purpose. Members of Boys and Girls Clubs often come from less advantaged backgrounds. These kids cannot afford to take part in this user-pay recreation philosophy that has developed. Less advantaged youths need access to recreation and they need to have their recreation subsidized, for without recreational alternatives substance abuse will continue to be synonymous with the less advantaged child.

The Boys and Girls Clubs of Ontario and its member clubs provide recreational and fitness programs to thousands of youths, many of whom are socially and economically less advantaged. There are more than 260,000 youths living below the poverty line in Ontario who cannot afford to purchase these services. Who is providing them with quality recreation?

1530

The snowball effect of using drugs is that a great many of them have to commit crimes to buy drugs, increasing the strain on the tax dollar. Now kids can buy crack and cocaine on the streets for \$15 or \$20 a hit, which opens up a whole new market of adolescent users and makes it affordable to all of them. Drug use is increasing and the inability to treat those who have a problem is also increasing. To limit funds to a delivery system such as recreation, which works toward preventing drug use by young people, and to turn it over to a delivery system that is already one third of the provincial budget and is like a runaway train is really counterproductive.



Let's increase our funding to recreation in order that sports and recreation services can continue to employ large numbers of youth. Let's increase our funding to recreational agencies and organizations so that they can all employ volunteer co-ordinators and fund-raising staff so that we in turn can increase our financial and human resources. And let's do it by using lottery funds and not by straining the tax system. Thank you.

Ms Robertson: Boys and Girls Clubs provide services to youth of all ages, but primarily, one of the more current issues right now are those services that are needed by teens or young adults. As well as what we would consider to be healthy young adults, Boys and Girls Clubs spend great time and energy servicing those who are not, or are considered to have a little bit less advantage than those who do.

I am talking about the socially underskilled kids, the ones who have difficulty coping with an environment we have created for them, those young people who have some degree of mental illness, who do not seem to fit anywhere, and the continuing cycle of violence and those victims of it. We deal with those teens. We deal with them very effectively, but again we are limited to what our financial resources are.

When we talk as an organization about building character and being concerned with the social fabric, it is important that we recognize that the youth we have today will be the developed foundation for that social fabric tomorrow. They carry with them abilities, they carry with them resources and they carry with them values that we in turn teach these people. That is what Boys and Girls Clubs cater to doing. We try to help youth build a better tomorrow by giving them abilities today.

We talk about "at risk." It is a very current term. We talk about it in relationship to youth, but we have to look at the communities in which those youth live. They are also at risk if we are hand-held with our services or find that we are lacking in funding to do those things.

Look at two issues which are prevalent right now, that of the dropout individual and the multicultural harmony, racial issue. If we can deal with youth and we can deal with them effectively, we can be preventive in nature for those two things.

Boys and Girls Clubs provide alternatives to dropout youths. You have kids who have for one reason or another slipped through the cracks and are not fitting into the system. We teach them leadership skills, we empower them to be stronger in self and we give them some resources so that they can go out and perhaps fit in where they have not before.

Boys and Girls Clubs are preventive in our approach. We are also proactive in that we will be treatment oriented once in a while, but our intent is to deal with things before they occur.

The lottery dollars have been very helpful and hopefully will continue to be so, but you have to look at the demand for service. It has increased threefold or fourfold. You are looking at individuals with more than one problem; you are looking at larger populations of street teens. Jack and Dave will discuss further youth problems, but the drug issues are prevalent and we deal with all of those things inside our clubs and our programs.

You have to talk about empowerment versus devaluation. You are looking at a dollar situation and we are talking about giving kids opportunities,

building social fabric, making change. If you limit that or you redirect funds, you are devaluing that, and that is a serious concern we have.

The lottery dollars have done something that no other source of funding has been able to. It has allowed us to move into the present. It has made us more effective and more efficient in our own organization so that when we deliver service we are doing it at much more cost efficiency to a much larger population. That has been an outlet for us that is available nowhere else. We are concerned with that. If you look at Boys and Girls Clubs core budget and you look at what they do, we are very cost-efficient, gentlemen and ladies. We have a very big bang for our buck, so to speak, and we hope to continue to do that.

I think we need to look at, for example, some of the things we have been able to do. We have organized as a region an LIA conference, which is a Leader in Action, and it has brought together people like yourselves, people in political situations and the leaders of today, with street youth and teens. We have held it twice. Some of you might have been present. That was Wintario money that made that possible. Without that, there would be no opportunity for those young people to get together with older people to express and dialogue and activate change and growth, and that is what we are talking about.

We can describe ourselves in a lot of ways, but we are very concerned with building character and being effective with the social fabric. We do it in a recreation format which facilitates those things. It is important for you to understand how important the lottery dollars are for us.

I would ask Dave to continue.

Mr Rew: My name is David Rew. I am currently the executive director of the Boys and Girls Club of Peel. It is the fourth boys and girls club I have worked in, from as far away as Jack's area of Thunder Bay to Scarborough to downtown Toronto to Peel.

I think the thing that it is really important for the committee to understand is that we are dealing with parents in mostly single-parent families, even in our area of Peel where everybody considers there are not many parents who would fall into this category. Let me tell you, gentlemen and ladies, there are a number of parents who fall into that category. We have what they call a user-pay model. The user-pay model in recreation departments now is that if you want to use the services, you pay for them. That is great for those parents who can afford it and for those kids who can afford it. We are dealing with kids and parents who cannot afford that service now. If this proceeds, that becomes even greater, because they have to cover the cost for those programs and they are expensive.

The parents we are dealing with are the ones who are falling through the cracks. We are finding kids at a younger and younger age with real social problems. The concern we have is the ripple effect. I am sure you have heard of that. It is a process where, if we stop this now, where is it going to be and what kind of prevention is there going to be? I guess this is the other area we really want to make sure you understand. We are on what we consider to be the leading edge of prevention. It is very difficult to say whether we have stopped one, 20 or 5,000 youths from going into some kind of institutional care, the corrections system or some other long-term system that is going to cost us millions of dollars.

However, being in four different boys and girls clubs and working



closely with those organizations, I can tell you that we have diverted a number of youths from that process. In one boys and girls club, I was a volunteer probation officer, so I know we were doing some work that was diverting kids from those kinds of things that are going to happen if those programs are eliminated.

The other is the whole area of facilities. We have talked about it. Some clubs have a nice facility; others are in need of repair. We do not have any facilities in Peel. We operate at 21 different program locations throughout the Peel area. For example, we ran three different day camps this summer and we had to move those camps three times during that time because of changing facilities. We were in schools for so many weeks, and then we had to get out of the schools because they wanted to clean them before the kids came back. So we went to a church basement for a couple of weeks, and then a recreation facility became open for the last week of the summer and we moved to that.

We have a real concern that these kids are the ones who are falling through the cracks and being left behind. We always work with the kids and say, "You have to make some choices and some good choices." I think what we are asking today is that you take a look at and recommend some good choices on our behalf as well. I will turn this over to Marion.

Ms Price: Jack had previously mentioned that recreation should not be seen as a soft service and we certainly concur with that, because we have some very tangible hard assets that we are responsible for; they are our facilities. We have a number of clubs across the province that have facilities including gymnasiums, pools, craft rooms, administration areas and games rooms. Obviously, as these facilities grow older, they are in need of repair and upgrading.

One of the things we know is that through the lottery funds, the government is showing its support of our work through funding, renovations and upgrading. I would like to speak on behalf of one club that underwent major renovation two years ago. Not only was the renovation necessary because it gave the opportunity for more user groups such as senior citizens, day care and unemployed youths to come and use the facility, but it also gave a catalyst situation for the community to come together as a group and do capital fund-raising.

That was business members in the community. They were community leaders. They were parents. When that facility opened, this government was recognized as a leader in providing services for youth through the lottery funding and through the renovation dollars. That certainly was recognized by those people who were in attendance. That was a real celebration and very exciting to be at. I just want to say that so that it is understood. David mentioned a ripple effect. That was a positive ripple effect that happened at that time.

1540

We have a situation of another club, however, that did not have a celebration and was not as fortunate. I listened during the previous presentation about, "Were you satisfied with the level of support through lottery funding?" I know that at times it has been talked about that one out of every two lottery applications actually gets funded. We do not feel this figure is completely accurate because many times lottery applications do not even go in.

In this club's situation, they needed some rather drastic and immediate roof repairs and knowing that the Ministry of Tourism and Recreation supported

renovation projects such as that, they contacted their local office in October. At that time, they were informed that there were no moneys left in that region for renovations and they were requested to reapply in April.

The club, knowing that safety was at hand and feeling very strongly that the children should be in a safe environment, went through with the renovations on their own but only did a patch job. They used money that could have gone towards a complete roof renewal to do some Band-Aid solutions. We, in the preventive field, do not feel Band-Aid solutions are the answer.

We also look at new facilities. David was mentioning that his group works out of schools and churches and along those lines. We have a number of clubs that are looking at building new facilities in the future. We have to plan for this. We want to see the government alongside us in our planning and as the Lieutenant Governor, the Honourable Lincoln Alexander, said in his speech from the throne, "We do want to build a better future for our children." To do this, as David also said, we have to make the right choices. We have for years struggled to do the impossible with the impossible.

If you supported us, think how great we would be because we are doing a darn fine job as it presently stands, but we identify that there is more of a need. The 260,000 youths who are living in poverty are in need.

One thing I am very pleased to do and very proud to be able to do is introduce the gentleman next to me, John Eastman. One of the things, when we are looking at planning for the future, is that we have to look at people such as John and ask, if recreation services and otherwise are not provided, where would individuals such as John be today?

Mr Eastman: What I think I can do for this committee is to explain to you how boys and girls clubs and lottery funding through them can have an impact and have a very positive impact on a person's life. You have heard the phrase bandied around "at-risk group." Here I am. I come from a single-parent family with a brother and a sister. I have not seen my father in 12 years. My mother gets no support. I made it. I am in my third year in the civil engineering program at the University of Toronto. I go right next door to you over here. It is through the boys and girls club that I made it.

A few years ago, back when I was about 13 or 14, I was given an opportunity to go to a leadership experience that was funded totally by lottery. It turned me around. I saw what a positive environment could do and I saw how I could be a leader. I became involved with something called the Keystone Club, which is in a number of boys and girls club throughout Ontario. It is a leadership and volunteer organization based solely around teens. I became president of this organization in my own club. I also went on to represent them on a national committee.

I later became adviser to this group and this enabled me to go out and help other youths who had it rough, as I did, and many who had it rougher. Most of the kids who came to our club in Niagara Falls, which is where I grew up in a boys and girls club, came from something called the ghetto, which was an Ontario Housing Corp project. They like to refer to as the ghetto. They were mostly disadvantaged youths and they had it much worse than I did.

I then became involved with the board of directors at the Boys and Girls Club of Niagara. I saw at first hand that the money that had provided my experience was not always there, that it could not be given to everybody and that this opportunity was pretty unique in my situation.



I would like to ask that this level of funding at least be maintained, if not increased. I know this is a debate between hospitals and arts and recreation funding, so I would like to mention that through the boys club I also obtained my lifeguard certificate as well as my small craft safety instructor, and through these I was able to go out and get a job in the community. I worked for the city of Niagara Falls and, again, was able to help out my community. I also volunteered as a lifeguard for a number of years at the Boys and Girls Club.

I know of a lot of people like me who have been assisted by the lottery funding and boys and girls clubs. I would like to see that continue. I feel it has been through them that I have become the responsible decision-maker and the well-equipped person to deal with this democratic society who you see sitting before you. I thank you for the opportunity of talking to you.

Mr Macpherson: In conclusion, we have been asked by the members of our clubs—when we call them members we are talking children. There is a user fee involved in most of our clubs to become a member and that user fee is from 50 cents a year to \$5 a year. From the families of those members, from our volunteers, and we have thousands of volunteers who give their time—As I have heard from other presentations today, more and more frustrating time of the volunteers is being spent dealing with funding rather than in the service of the groups. We do deal with it. I heard comments about, what happens when the money dries up? We have been facing that for years.

Sources do dry up and the boards get together and they find other sources. They look for them. Sometimes we do not and we fail, because the corporations are unavailable or the other fund-raising programs do not turn out. We reduce services. We keep going. We provide what we can to the youths with the money we have. A third of something is better than all of nothing, to answer previous questions.

We support the concept that a third of all the six lotteries be set aside for culture, sports, recreation and fitness. We also support that the accumulated profits be set aside in a fund to help fund us.

This is a serious issue to the boys and girls clubs and to the other recreationalists. In the 75-year history of our organization, to my knowledge, and I am not 75, this is the first time our organization has gone before a parliamentary committee to discuss a problem, to say that we have a problem. We are concerned about what is happening, about what are you doing. So if we have failed in some area of protocol, please forgive us. Next time, and hopefully there will not be a next time, we may improve.

At this time, Mr Chairman, I would invite any questions from any of the members of the committee to anyone in our group.

The Chairman: Thank you very much. As chairman, I must confess that you do not have to worry very much about protocol. You have done an extremely fine job and I am glad all six of you took some time to speak, because it is more refreshing for me, as a chairman, to hear from the groups that are the user groups out there than, sometimes, from my colleagues on the committee because I have heard what they have said a number of times already.

Mr Faubert: Basically, a quick observation on boys and girls clubs. I supported them back in the time when they were the boys club. You know how long ago that was. That was both the east and west boys clubs in Scarborough. You have done an excellent job and I just want to congratulate you on your

leaders in action conference. That has been an excellent example of organizing a vehicle for youth where they get a chance to not only develop policies, but make statements on shaping the future. I am not sure whether that is a Metropolitan Toronto program, or across Ontario or across Canada, but continue doing that.

Mr Laughren: Does that mean you support their proposal?

Mr Faubert: I just wanted to ask them one basic question. They make great arguments, having been recipients of lottery dollars, on the continuation of lottery dollars being made available. There is a perception that somehow there is going to be a future loss of lottery funding to organizations such as your own if Bill 119 goes through. Is that your perception?

Mr Macpherson: It is our fear, yes.

Mr Faubert: Do you feel that somehow you are in competition with hospital funding, that recreation dollars are somehow being put up against hospital dollars?

1550

Mr Macpherson: There has been, as Marion and the other presenters suggests, a reduction in the funding to us as the years have gone by. Our fear is that if there is a high demand from the hospitals, that reduction will increase and increase. People talk about using the money for health. You cannot argue against it. Health is both a social and an economic problem in Ontario and we do not tend to address that. We are just afraid that it will dry up the funds we need. The funds we need—they are talking millions—are modest compared to the demands of the health system. By the stroke of a pen, we are afraid—

Mr Faubert: We know that. Before you go into that part, we know it will all be consumed in one day of health spending. That is it, all the money that will be available from lotteries. We have had that insight before, but it is a very good one in perspective.

The dollars that you get for your organization are not simply lottery dollars. Can you just refresh me on one thing. You made a point about the regional dollars. All this is dispensed regionally through—you say the regional dollars happened to dry up in a particular area so there was no application made.

Ms Price: The region, of the five area regions of the Ministry of Tourism and Recreation. It was indicated to the individual who questioned that that there were no moneys left in the region.

Mr Faubert: In the region.

Ms Price: That was from ministry staff. Whether that information was accurate or not, the individual who questioned it went on the advice of the ministry representative and did not apply.

Mr Faubert: Do you make application also under—I guess you do not because I do not think there are any dollars in it—the community recreational facilities, the funding that used to be available under that, or is this simply Wintario facility dollars you are referring to?



Mr Sinclair: Are you referring to the Community Recreation Centres Act?

Mr Faubert: Yes.

Mr Sinclair: We are not eligible for funding.

Mr Faubert: You are not eligible, only municipal. But I know in some instances, and I know Scarborough considered you as a substitute, you were providing facilities they could not provide in certain communities and on that basis there was some willingness by the city to fund you to a greater degree.

Mr Rew: That varies for each area as well. As I say, I know that in Peel, in our area, we have no municipality money at all. There is a process. We have gone through that process.

Mr Faubert: There is no regional money?

Mr Rew: No city money, not only starting money, no money through that process. But we do bingos. Every other week we are at the bingo hall and we have done that route. I think that is the other thing that is really important for people to know, that we do fund-raising, that we do source out the funds and that we are involved in that process. It is an ongoing fight and a fight is probably the best way of putting it. As the colleagues have said, most board meetings are spent dealing with financial issues instead of service issues, which is our concern. Obviously, the services are what we are there for, not to deal with just where the money is coming from all the time, but that tends to be what happens.

Mr Faubert: I can appreciate it because I have been on a board. That is fine. That is the end of my questioning. Give someone else a chance.

The Chairman: You have used up all the time.

Mr Faubert: I am sorry about that.

The Chairman: We really appreciate your coming. It was an excellent presentation. I am sorry we do not have more time for questioning.

Our third presentation this afternoon is for the Ontario Amateur Wrestling Association. Rod Hare, the vice-president and administrator, is going to be doing that presentation. Mr Hare, as I interject every once in a while, you have been notified that we have about 30 minutes per presentation. Not "about"; we try to keep it as exact as we can. If you choose to use all of the 30 minutes there will be less time for comments and questions, but it is up to you how we use your 30 minutes.

#### ONTARIO AMATEUR WRESTLING ASSOCIATION

Mr Hare: Okay, I will try to keep it to the point and to what I am here for. I am the vice-president of administration for the Ontario Amateur Wrestling Association. It is one of the sports represented in the Ontario sports system that is funded by the Ministry of Tourism and Recreation. I also come with the blessing of several of my colleagues in other sports, and I have been a representative from time to time on different committees for Sport Ontario, so the concerns I am going to bring forward, although I am representing Ontario amateur wrestling, are the same as those of my colleagues in several other sports. They are experiencing the same type of situations. It

has been quite interesting this afternoon listening to some of the comments, because I felt like I could have answered all the questions being asked.

Let me just give you a little background of where I am coming from and who I am. I am a volunteer. I am an elected member from the provincial association. I have represented Canada as an athlete and competed for Canada internationally in wrestling and refereeing. I also have some other insights that I may be able to offer as we go along through this. I am also a therapist. I am an administrator at a medical walk-in centre, so I have some experience with this other issue, which seems to be health care funding. That is another pet peeve of mine, but I will try to keep away from that. I am also an associate faculty member of the School of Physical and Health Education next door here, where I teach sport medicine or sports therapy, as it may be.

This is the second year of my term being vice-president of administration of this sport, and part of my duty and the problems I have is in addressing our funding. In 1984, after the Los Angeles Olympics, a lot of the sports received what was called the Ontario best ever program funding, which enhanced all our funding situations. That was good and it was supported by the ministry.

But since that time—that was 1984, we are in 1989 now—that has been consistently eroded. It has gone down. Our Wintario-based budgets have gone down or they have manipulated them. For instance, my particular sport is an elite Olympic sport. It is different from some of the other sports, but some of the things I may experience are the same. My international travel has been cut, so they increase our national travel. We have only one tournament nationally, so the bulk of the funds available to us now, all of a sudden, go back into this formula of allocating funds, which I will address later.

I wrote both the minister at the time, the member for Quinte (Mr O'Neil), and the Treasurer (Mr R. F. Nixon) for feedback. I wrote them a letter and I will refer to some of the problems I had with it. Why are there so many unallocated funds, when we in the sport are not getting them? We can only apply for the funds based on the criteria which the ministry sets out for us. Those have been approved by us. Year after year, they have been approved and stamped. They have come back "No funds." I am in one of several sports, and this goes on and on through all my colleagues in all the other sports. If there is \$480 million, approximately, of unallocated funds, how come, based on your own criteria, we cannot access them? We are frustrated with that. We are continually cut back.

I have to operate our office here within Toronto, the biggest city in the country, the most expensive to live in. I have to compete; the sports centre has to compete to hire staff. I have been without staff—that is part of our funding criteria—for quite a time now and it just spins over. I get someone for a few weeks and I lose him for two weeks and I get someone else. It is very unproductive, so the sports centre loses money.

In the meantime, those are considered unallocated funds because they are not paying for someone who is not there. All of a sudden now, it is as if all this money is not needed or not wanted. It is, and we cannot get to it. That is one of my problems.

What we have asked is, if there are so many funds and we qualify for them by your own criteria, why are we cut back? If Bill 119 is passed, what we suggest is that you leave the present \$480 million to us and then have some formula to access hospitals into it.



As I said, I am an administrator in a medical clinic. I have nothing against giving more money to those areas, but it almost makes me throw up how poorly the Ontario health insurance plan is mismanaged in comparison to this ministry.

I have problems here too, but OHIP is grossly mismanaged. You could save more than the entire \$480 million by changing a few billing codes. There are massive amounts of money to be saved that exist out there. These funds should not be addressed or should not be necessarily taken.

1600

Also, you seem to have forgotten that what you are going to raise now in the new 1.9 per cent tax is going to be several million dollars more than the unallocated funds that are there. So you now have a whopping \$600 million—some—odd in new tax, plus you have this other \$480 million. Again, I am not against giving money to health care costs, but I do not accept the reality that it is either culture, recreation or sports.

Go to the Attorney General's budget—take his money—for the people who get money for committing crimes—there is money for them, yet there is not for us. It is a challenge we are faced with and in sport we are frustrated that we are continually going back. I will not go into the individual merits of our sport and offerings—I think they have been addressed by the cultural people ahead of me and by the last group—as to what we can offer the province or the electorate in providing them alternative activities or just something that is part of our culture, something part of being a Canadian. I am proud that I was able to represent this country. That is falling apart. My kids are not going to be able to do that; your kids and your grandchildren are not going to be able to do that if this constant erosion keeps up. If there are so many funds, how come we cannot access them now?

I have a letter here from the Minister of Tourism and Recreation saying that by law right now those funds can go only to culture and recreation. That is what I am told. They have not been going to us. From the questions that have been brought out, first, "Are you satisfied with your funding level?" and so on and so forth, I am explaining to you now that we are one sport of several that are being cut back. We are not getting access to these funds. As we try to grow and as the population and the province grows, we are cut back, consistently cut back. As far as worrying about a minimal guarantee of funding, I do not feel that is all that unreasonable since we have no access to the funding that is there now. You set up the criteria for it and, even based on your own criteria, you will not give it to us, even when it is sitting there.

Getting back to my earlier problem, I was wondering: If this money can go only to sport and culture, and we are applying for it, why are we being refused? Until Bill 119 is passed, why are they being refused and why can they not have at least some of the money to expand on their cultural programs, for which, I might add, this government has been very strong, supposedly, in supporting in the national context—worrying about other ramifications and what is happening with our federal government. They are very staunch in supporting our cultural programs, and I appreciate that type of support. Now, all of a sudden, they are being hypocritical, because on the other end, in this province, they are not supporting them at all. They are being eroded and that erosion is consistent.

I have a few figures here. I will pass out this letter. I have a letter,

first off, which I sent to the minister and then the response from him and the response from the Treasurer and the minister. They will be interesting reading.

Another aspect that keeps on coming up as far as the health care costs are concerned: We were told by our own minister in this government, Hugh O'Neil, who has now gone, that for every dollar we spend in recreation and sports there is an savings of \$4 in health care costs. So we are part of your solution. The erosion of the funding to the amateur sports area is to your own detriment. If you are trying to weigh us, which again I do not accept, against health care costs, then we are part of your solution. So you are cutting off your nose to spite your face.

We have other ways of raising money, but this is our major source. I do not know whether you are aware that some sports are much more marketable than others and they can raise money more easily, but again the ministry will not support, even in an interim situation, subsidizing the marketing or fund-raising people to go out and access different areas within the community to sell, hopefully, our product and persuade them to bring some public sector dollars into our sport. That is very difficult for us. There is a different continuum, depending on the sport. We are a sport that has a very hard time doing that because we have a hard time dealing with the image of professional wrestling, which seems to be giving us a little bit of a headache.

One of the things that comes back on us too is—just recently the ministry it started a safety initiative program which I commend them for doing. They have assessed all the sports and sport governing bodies, and they have gone through and set up risk-management programs. We did that before the ministry actually did and when we tried to access the ministry for funding to set up a risk-management type of committee, it was denied. Again, this goes right back to helping you save money.

It gets very frustrating. I am coming here as a sport administrator and speaking on behalf of our sport, but also for other colleagues, about this situation where we are constantly being eroded. If this money right now can only go to us until this law is passed, why are we not getting it? Why are you not making it accessible to us? The feedback I get from the minister is that he is saying, "You have to meet our criteria." His own damned ministry—excuse me for the vernacular—is telling us that we have made all the criteria but there are no funds. So someone is lying to me.

Basically, in wrapping up, I would like to thank you for letting us make our presentation. I will entertain any questions at this point because I think it is important that maybe some questions come across on just what happens with sports.

Mr Laughren: I appreciated your presentation. We were dealing with problems in the health care system and I really enjoyed hearing your comments about health care funding as well, but I had better stick to the—

Mr Hare: Stick to the present, I guess.

Mr Laughren: You did ask an open-ended question about how come you cannot get those funds if all they are supposed to be used for is sports, recreation and culture. I can tell you, to put your mind at ease, why you cannot access those funds. It is not that you do not meet the criteria. You probably do. The minister probably said, "You meet the criteria and we've got no funds."



The reason is that there is an excess of funds, if you put all the lotteries together, of well over \$1 billion, but the government took that money; I like to use the words "stole it." They would not need this bill if they had not taken it illegally. They took that money and put it into the consolidated revenue fund and spread it all over the province, but not on culture, recreation and sports, I can tell you that.

Mr Hare: Just based on that, does your credibility not wane? When we have a minister who is in a weak position—

Mr Cordiano: Keep in mind that this is an opposition member you are speaking to.

Mr Laughren: What I am saying is absolutely true.

Mr Hare: I understand. That is the exact point I come back to, which is in my letter to the ministry, that you have lost your credibility. If we cannot get the money now that is supposed to go only to us, by law, then you say, "If we give you a guarantee, what if lottery funding goes down?" I will just put the same question back to you. What are you going to do if hospitals do it? The reply would be, "We'll worry about it when it happens."

It is going to happen. Maybe it is going to go down. Trends seem to be showing they are going down, but at least we are going to be guaranteed something, because right now we have nothing. We have a damned act that is legislation—you are still stealing it. If we cannot get it now, maybe if we get another law, maybe if they have two laws, they will feel less inclined to steal it. I do not know, I am not getting it. That is our problem.

We feel sports in general in this province have a lot more to offer than just offering our activity to the population. I can refer you back to the Radwanski report put out by the Ministry of Education in which they linked sports to academic attainment, keeping kids in school and bridging cultural backgrounds, which is very important in these troubled times, especially in this city. I deal with it every day in my clinic, with kids from different cultural backgrounds. There is no easier way to break down the barriers and to wipe out cultural differences than to put them on a field where they are equal. Cultural differences tend to melt because the people deal with people as individuals, one on one. It is so important right now, especially in this province with the influx we are having.

I feel there is a lot more merit to the programs we offer than just offering our particular sport to the province. It is far more encompassing than that.

1610

Mr Laughren: Thank you.

Mr Reycraft: Thank you, Mr Hare, for coming before the committee. I want to respond to your question about why the funds are unallocated. I want to start by reading to you section 9 of the existing Ontario Lottery Corporation Act. It says,

"The net profits of the corporation after provision for prizes and the payment of expenses of operations shall be paid into the consolidated revenue fund at such times and in such manner as the Lieutenant Governor in Council may direct, to be available for the promotion and development of physical

fitness, sports, recreational and cultural activities and facilities therefor."

That is the section of the act that Bill 119 proposes to replace to simply say that when all those funds are not allocated for those activities—

Mr Hare: Which are not these.

Mr Reycraft: —that are not described, the unallocated surplus would then be used for hospitals—not health care in general, but for hospitals.

Mr Hare: Hospitals specifically.

Mr Reycraft: What has happened ever since this act came into effect in 1975 is that governments, first Conservative and then Liberal, have every year deposited all of those lottery profits in the consolidated revenue fund. The Treasurer and the ministers of Tourism and Recreation, of Citizenship and of Culture and Communications have worked together to determine every year, as a part of the province's annual budget, how many dollars should be allocated for various culture and recreation, sports and fitness projects that come under the direction of those three ministries.

The amount of money allocated for culture and recreation has never in any year been as much as the total amount of revenues that have come in from the various lotteries. Hence that surplus, that notional surplus or unallocated surplus, has accrued. But the ministries, including the Ministry of Tourism and Recreation, to which you applied for funds, are only able to allocate to various groups, including the Ontario Amateur Wrestling Association, up to the limit of the amount of funds they are allocated as a part of that budget process.

Mr Hare: We can never get that number, by the way. I wish they would just give it to us.

Mr Reycraft: Every ministry has a budget. That budget goes before various committees of this legislature for scrutiny and examination, and it is certainly available to anybody who should ask for it. In fact, if you like, after this presentation is over I would be happy to provide you with a copy of the current budget of the Ministry of Tourism and Recreation.

Mr Hare: No, it was not that I was referring to. You were saying that each sport has a limit to which it can go, so regardless of the ministry I realize that there is some limit to which Ontario amateur wrestling is going to get funds, but if it is cut off somewhere, where is that? What is our maximal level?

Mr Reycraft: The point I am making is that each ministry gets its allocation from the Treasury and then it is limited in the amount of money that it can allocate to groups like yours by that allocation from the Treasury. That is the fixed amount that is there.

Mr Hare: I am not saying that. What I am saying is, after that fixed amount is given to our ministry, then by some formula they will say how much each sport is going to get. It certainly is not based on performance. Actually, sometimes it is based on performance, but it is not based on what we apply for. I do not know how they arrived at, "Okay, gymnastics will get this, volleyball will get this, wrestling will get this." Is it our political worth? Is it our membership? We were told by our consultant that yes, it was, so we upped our membership and it did nothing. We wasted our time.



Mr Reycraft: I am not and never have been part of the Ministry of Tourism and Recreation, so I cannot respond to that question.

Mr Hare: Not to pursue this, but that was the number I was concerned with, not the ministry budget.

Mr Reycraft: I simply wanted to make that point in terms of why the funds are unallocated. Just to finish off the point, the remainder of the lottery profits remains in the consolidated revenue fund. Those amounts, as Mr Laughren had pointed out earlier this afternoon, now total something in the neighbourhood of \$1.6 billion. That has been accumulated since 1975.

Mr Hare: Okay. Then another problem you have brought up from this situation here is the formula. How does it get from those people buying the tickets into the coffers of the government and then back to the sports? I guess that is the problem. Is what you are saying that it is not guaranteed to sport?

Mr Reycraft: I will try again, Mr Chairman. The corporation transfers all of the lottery surplus to the consolidated revenue fund and then out of that CRF, the Treasurer (Mr R. F. Nixon) each year allocates specific amounts to various ministries, including the three I mentioned, for culture and recreation projects. That amount of money has been increased steadily over the years and in the last five years has increased quite substantially. It has gone from \$282 million in 1984 to \$418 million now. That is an increase, on average, of 9.6 per cent per year. It is a very significant increase and a very legitimate one because of the very important role that not only cultural projects but recreational projects and associations like yours play in the fabric of this province.

Mr Hare: I guess maybe a problem is the terminology. When it says excess funds or unallocated funds, it does not necessarily imply that those areas to which they were originally set up to go do not want it or need any more; it is just, "What we're going to give them is this and what's left is what we will call unallocated." It is not that we do not need them or want them or have not asked for them; it is that, "We're only going to give this much of this that is taken in." So it is a misnomer, I guess, when you say "unallocated funds." It sounds as if we do not want them or they are not needed or no one has applied for these in the sports industry.

Meanwhile my colleagues in culture, recreation and sports are piling up and saying: "We would like to expand. We would like to offer more. We would like to continue at the level on which we have been, but we can't even do that because it keeps on going down." I do not understand that formula, that is all.

Mr Reycraft: It has not been going down, Mr Hare, it has been going up. It has been going up steadily and substantially.

Mr Hare: My books are open; I am a public corporation. They say my budget has not gone down, and I say: "How can you say that? You audit them, and it says in the audit report that they have gone down." You audit them, not me. You see what you give me and we can see what you gave and where it has gone. As I said, I am one of 72 sports. What are you talking about? You were just saying it has not gone down. It has.

Mr Reycraft: I have indicated to you that the allocation by the Treasurer to the ministries of Culture and Communications, Tourism and Recreation and Citizenship has increased on average 9.6 per cent per year just

for culture, recreation, sports and fitness projects.

Mr Laughren: How does that make you feel?

Mr Hare: Bringing that back again, my colleagues in sports have not been getting it. Maybe culture has, but culture was just up here and they said they are not getting it. Maybe they have been getting it. Maybe they were pleased—

Mr Reycraft: Or maybe basketball has, or maybe hockey has or some other area.

Mr Hare: Well, speaking to them, they have not.

Mr Reycraft: I do not know about those.

The Chairman: Are you finished?

Mr Reycraft: Yes, I am.

Mr Callahan: This is a tough problem to wrestle with. Sorry; I did not mean to throw that in. Does the Ontario Amateur Wrestling Association get funding from the federal government as well?

Mr Hare: I guess I can put a little plug in: Ontario has just won the rights to host the world wrestling championships in 1993. Because of international tournaments and stuff, our national body is allowed to access Sport Canada for specific funds for events that have a national scope. So if we host something like a national championship, we can get hosting grants via Sport Canada for the province. For instance, if New Brunswick wants to do it, our national association gets a grant each year to host the national championship and then, in turn, the host province would get a portion of that. What do we get specifically from the national body?

1620

Mr Callahan: I am not asking the amount. I am just asking whether you are funded.

Mr Hare: No. We actually pay them to be an affiliate member.

Mr Callahan: Are you funded by any body other than lottery grants?

Mr Hare: We fund-raise on our own. We sell our programs. If we have a provincial championship series, we like to advertise and sell advertising space around the side. We are very limited in the way we can market our sport. One of the problems I am having right now is that my sport is legislated by two areas. The Ministry of Consumer and Commercial Relations consistently talks all the way through the Athletics Control Act out of ignorance of amateur wrestling. From a risk management point of view, it makes it very difficult for me, too, because I have two pieces of legislation. Whether or not one ministry says, "We won't interfere with you," you have two pieces of written law there.

Mr Callahan: Yes. One would have to believe that if there is to be this surplus, that means that someone is weighing these applications to determine whether they meet the criteria. You may not agree with that, but I take some comfort in that we do not just have \$20 million and we are going to



give out that \$20 million come hell or high water, because we have it. "If we don't give it out, next year they'll reduce our budget by X dollars:" That seems to be the attitude in some sectors of government, but it makes me feel secure that they are actually applying some criteria to it.

Mr Laughren: It is known as cold comfort.

Mr Callahan: Yes. Have you actually received grants in other years for wrestling?

Mr Hare: A large part of our operating budget comes from the ministry, but although costs increase, which we all experience, we do not get a cost-of-living increase. We have a certain number of programs that we implement, and if they are successful, we would like to maintain them. That is pretty hard if your budget is exactly the same as the following year's. It is very hard to expand on and even to offer the same service. If that is compounded over four years, and on top of that little cuts are made all the way along—if I have no increase in my budget and my budget is cut 10 per cent one year, 12 per cent another year and 18 per cent another year, then just to offer and maintain the same services I am being stretched; never mind expand and offer all the benefits I and my colleagues feel our types of programs can offer to the people of Ontario. I am having a hard time just maintaining them.

Now I suppose I am being enlightened here as to how the funding situation works, but I am under the impression that there were a number of lottery funds that would go only to culture and recreation. I guess now I have been informed that that is not so, and that those funds that are brought in do not go only to culture and recreation. If sport were to get everything it wanted, the entire budget—and these are rough figures, so do not nail me to the wall on them—is somewhere around \$10 million for all sports governing bodies. If they were to get everything they asked for, somewhere around \$26 million to \$27 million, that is a pittance compared to what is there, and that is what is bothering us. It boggles the mind to see this massive amount of money; we want little bits to operate and are having a hard time doing that. We are being told by our ministry that the funds are not available, that they are not there.

Mr Callahan: Could I just quickly ask you one further question? Do you participate in the Best Ever Ontario program or have you received funding from it?

Mr Hare: Yes, we have received funding from it.

Mr Callahan: The minister in his letter indicated that the Best Ever Ontario program initiated in 1984 has delivered significant increases to most of our client groups.

Mr Hare: You read that exactly: "in 1984." It is 1989 now and it has not changed.

Mr Callahan: No, no. It was initiated in 1984.

Mr Hare: Yes, that is right; that is what I said. In 1984 we got more money, but that has not changed since 1984. It has stayed just like that. That year alone, we might start out at around \$74,000 approximately which, say, that one sport got; this year it is \$61,000 to offer the same thing. I have five national training centres in this province. They are called national training centres, because they lift people up to the national level. To

operate them, I am being cut back.

Mr Callahan: So you are saying it is because your costs have increased. You are not indexed, is what you are saying.

Mr Hare: Not indexed and also cut, yes.

The Chairman: I will have to interject at this point. Thank you very much, Mr Hare, for your presentation. The discussion period was good, too; it left some time for questions and answers, which was good.

I would like to welcome our next presenter, John Harrison. John is the former chairman of the provincial steering committee of the Community Arts Council of Ontario. I was just advised a few minutes ago that Mr Harrison is coming before us as a private citizen. Consequently, we have indicated to Mr Harrison that at the wish of the committee the length of the presentation should be 15 minutes. So I would ask the committee to keep that in mind. John, you may wish to use all of your 15 minutes on your presentation and that is fine. It is up to you.

Mr Laughren: Before Mr Harrison starts, Mr Chairman, I wonder if the committee would feel more comfortable if Mr Reycraft was at the front. He represents the minister and the ministry on this matter. He is handling questions in a way that I think is appropriate with people who make the deputations, then he might be more comfortable up there in the role of spokesperson for the ministry.

The Chairman: If I may comment as chairman before you graciously decline, Mr Reycraft, I would like to point out that our Hansard person has already vacated one of the chairs at the front so we could have mobility up here, and we really do not have room. So we positioned Mr Reycraft at our right hand, as close as we could to the front.

Mr Reycraft: Mr Chairman, I should say to Mr Laughren, through you, of course, that I offered when I came in yesterday morning, as you may recall, to sit up at the front. You indicated then that it was going to be somewhat crowded. Therefore, as you have suggested, I will graciously decline to accept Mr Laughren's invitation.

Mr Laughren: I hope you will continue to make your contributions to the debate.

The Chairman: This is not being taken from your 15 minutes, Mr Harrison.

Mr Harrison: Thank you very much.

The Chairman: I would like you to begin now, please.

JOHN HARRISON

Mr Harrison: Thank you very much for the opportunity to appear before you. I was just informed a matter of minutes ago that the period would be 15 minutes rather than the 30 minutes which I had been told previously. My intention was to go through the brief that has been presented to you, not reading it but highlighting the points and discussing them for about 20 minutes and then having about 10 minutes of questions. So I will have to try to condense that, because I would appreciate an opportunity for question and answer.



As the brief indicates, I am the former chairman of the provincial steering committee of the Community Arts Council of Ontario. In Ottawa at a provincial conference this past June, we created Community Arts Ontario, which over the next couple of years will take its place with the other major provincial arts service organizations. I am currently chairing the incorporation committee of that interim board.

I am also currently vice-chairman of the provincial steering committee of Ontario LACAC, local architectural conservation advisory committee, which is in the process of establishing a provincial organization for community heritage infrastructure, and am involved in the incorporation committee for the new provincial organization for community heritage.

I have also been involved with community arts and heritage activity since 1972, since before the creation of the Ministry of Culture and Recreation and the lottery program, and have had experience over the entire life of that program in applying to the program and raising funds; in the early years, I should say, frequently successfully, but as many of the people presenting to you have said, despite Mr Reycraft's indication that the budget has been going up, the experience of the groups in the field is that funds are more and more difficult to access and that the criteria in culture have become more and more limited and narrow.

I do not intend to bring a perspective of a particular group to you; simply to note that the arts and heritage at the community level have been at a very early period of development over the past decade and a half and are now organizing more and more professionally. I think they reflect a number of changes in the overall picture of cultural development in Ontario that ought to be anticipated before Bill 119 is passed in its present form.

I think the demand on cultural dollars is going to increase and increase markedly. In fact, there is good evidence that many groups, now recognizing the limitations of the criteria and the limitations of being able to access these funds, are not applying when they might otherwise apply, because they are carrying on projects that should be eligible for funding assistance.

1630

This brief is intended to look at the larger picture facing cultural development in Ontario in the larger and long-term context. The first is that community cultural life in Ontario, as I said a moment ago, is at a very early stage of development, and the lottery funding to assist this is just one of several crucial new needs coming forward in the next generation of provincial cultural development. The increases that are needed are multiples of the present level of increase, not just a few percentage point increases. The as yet unanswered request by the Ontario Arts Council to the Treasurer for a tripling of its base funding budget is one important case in point. Its annual funding would come from general revenues rather than lottery profits, but it does indicate the needed scale of increases.

Without, as the other presenters have said, wishing to in any way cast any doubts on the nature of the health care system or the excellence of the health care system in Ontario, it is unfair and impossible to equate the current levels of development and spending in health care, transportation, social services or any of the other established government services with that in the arts, heritage, culture or any of the cultural sectors. In fact, with the exception of a few gems of high culture, most cultural groups are starving and have been treated as optional, decorative and fringe activities.

There is a major inconsistency in that our health care system, while being the envy of the world—and according to the Organization for Economic Co-operation and Development figures, we Canadians spend higher per capita on our health care system than any other developed nation—we are at the same time seen internationally as a dull and boring country and people, lacking in any stimulating culture or heritage. This is according to international tourism attitude studies conducted by Tourism Canada in the mid-1980s and commentaries such as the Economist magazine's "The World in 1988." We are seen to be doing an excellent job in health and a very poor job in culture.

Canada suffers an international tourism spending deficit of over \$3 billion annually and it is getting worse, according to the Tourism Industry Association of Canada. Our inadequate levels of effort in cultural development are directly linked to this massive annual outflow of dollars.

The 1986 federal Task Force on the Status of the Artist, co-chaired by Paul Siren and Gratien Gélinas, documented the fact that not one single artistic discipline has yet to experience its average income level rise to the poverty level. The same could not be said for health care workers or others in established government services. That fact alone should tell us that all is not well in Ontario's life. There is a quote from Somerset Maugham and I will leave that to you.

The fact that we are beginning to achieve some financial stability for a few of our major cultural gems such as the Stratford Festival or the Canadian Opera Company should not give anyone in any way responsible for public cultural policy and programs any sense that the cultural job is approaching completion.

The Arts Council of Great Britain in 1984 noted that while they have great beauties throughout the cultural garden of Britain and a magnificent display at the centre of London, there are many empty beds and neglected shrubberies. They have rededicated themselves to seeing that the whole garden is in bloom and that all the people are walking through to enjoy the flowers. It should be noted that the Economist survey I referred to earlier rates Britain as a 10 out of 10, one of the most culturally developed nations, compared to Canada at 2 out of 10. We rated "philistine."

The 1988 Best and Storey report, The Community Arts Councils of Ontario—a Network for Community Arts Development noted, "There is an urgent need for substantial core funding of all viable community arts councils if there is to be continued improvement in the arts throughout Ontario." An investment of between \$30 million and \$50 million in lottery funds in community cultural trusts, which is the focus of this presentation ultimately, would meet that particular need.

Culture is more than the arts. Ontario and this present government, to its great credit, have undertaken a courageous cultural development activity in the Ontario heritage policy review. It is outlining the next generation of heritage development with input from groups across the province. If the potential for dynamic, professional heritage interpretation, promotion and marketing is developed, there will be a great need for additional cultural capital and endowment funds.

Science culture is an area where, apart from the operation of the Ontario Science Centre and Science North, the government has yet to begin to realize its responsibilities and opportunities. The federal Minister of State (Science and Technology), Bill Winegard, has observed: "One of the things that



worries me significantly is the lack of public awareness of science and technology generally. It's even worse than it used to be."

Canada has fewer scientists per capita than most industrialized nations, 90 per 100,000.

Mr Laughren: There are more lawyers.

Mr Harrison: Yes, between 20 and 40 times the lawyers per capita as in Japan.

It puts us between Yugoslavia and Iceland. Our research and development spending is substantially below that of any other western economic power on a proportionate basis.

Other major government policy initiatives such as increased bilingual services and multiculturalism are seen to evoke anger and fear at times in communities, often reflecting the fragmented, unarticulated, periodic or unstable cultural life in too many Ontario communities. A stable, committed cultural life in a community contributes to social understanding, community integration and social cohesion. Community cultural trusts can contribute to the realization of a wide range of public goals.

We in Canada need to develop our own model for cultural support. We are a young jurisdiction as far as cultural development is concerned. The United States has enjoyed the tremendous wealth of the foundations established by the robber barons in the late 19th and early 20th centuries. We do not have that. We have depended instead on the creation of organizations such as the Ontario Arts Council and the Canada Council, and are struggling because we feel that tax dollars alone cannot meet the needs. Therefore, the lotteries were created. But we are about to limit the potential of the lotteries to meet the real needs in the long term of cultural development in communities across Ontario if Bill 119 is carried through on its present basis.

This proposal for community cultural trusts ties the endowment notion to municipal support structures and development programs rather than to specific cultural groups.

I have, I should say, provided the clerk with a copy of a report called Community Cultural Trusts—An Idea Whose Time has Come, which goes into an outline of how such a program would be put in place and the relative dollar scale in Ontario. There is a second report called Reflections from the Chair, which I prepared as chairman of the provincial steering committee of the Community Arts Councils of Ontario, and that goes into some of these issues at greater length, including references to the fact that the unallocated funds are being stolen, which should warm Mr Laughren's heart if not those my friends on this side of the room.

The provincial responsibility for cultural support development, though, is primary. The province took that responsibility in 1975 by creating the lottery system. It is very clear from the understanding that many of the other presenters have brought into this room that those lotteries were created to fund our programs in culture and recreation. For some reason, while we are starving in the field, there is a surplus that has not been allocated and one can start looking at the rationales and philosophies within the ministries and the budget decisions as to why that would be the case.

The lotteries have become the perceived resource base for cultural funding and cultural development. In the initial flood of applications, the new ministry was nearly drowned. It was, however, possible to access funds for innovative cultural development in those early days.

I can speak from personal experience. I did that as one of the founding directors of the Grey-Bruce Arts Council. We built that organization as a community support group from zero to \$120,000 a year and six staff by the mid-1970s, in four years. In 1976, we launched the Summerfolk Music and Crafts Festival, which has grown to an annual budget of between \$175,000 and \$250,000 a year and it just completed its 14th successful season.

I would tell you today that it is not possible under the current regime at the Ministry of Culture and Communications to access the funds in the manner that we did in order to create those kinds of successes.

1640

The most distressing notion to surface in this debate to date is the idea that all legitimate funding requests are being met. I have heard this from several MPPs, including my own, Ron Lipsett of Grey. Apparently, this impression is being given to elected officials by some in the Ministry of Culture and Communications. Nothing could be further from the truth.

Whether the example chosen is a regional officer of the Ministry of Culture and Communications discouraging a local ministry initiative because there are six applications in line for every museum dollar currently allocated, or whether it is a federal arts support program that turns away 10 legitimate requests for funds for every successful one, the message is loud and clear. Only a small minority of the legitimate requests for cultural funding assistance are currently succeeding in acquiring funds. Many others have noted that the criteria have become more and more restrictive.

The province is now pressing municipalities to assume ever greater responsibilities in service areas, including culture. If this is to be a responsible empowerment of local government, the province must share that perceived resource base, the lottery profits designated for culture. Community cultural trusts is a specific proposal to decently and reasonably empower the community cultural groups and municipal cultural support infrastructures using these lottery funds.

Culture at its best is cumulative. Some people who are involved in politics but not as attuned to culture worry that money goes into a festival or a performance or something and disappears. But the proposal of community cultural trusts is the creation of an enduring endowment structure at the community level that can nurture excellence in cultural production for many generations in communities all across Ontario.

I said I would like to put this in a larger context and that is the United Nations Educational, Scientific and Cultural Organization's World Decade for Cultural Development. I do not know whether any of your previous presenters have mentioned the World Decade for Cultural Development, but in January 1988, this decade was launched. Canada is a participating country. I would like to know, what is Ontario's program for the decade?

The goals of the decade include the development of cultural policies by the participating countries and communities, including arts, heritage and multiculturalism policies and policies to promote the integration of culture



with the economic and other development policies of the community so that it is an integral part of our life, not a fringe element.

I have titled this paper Resources for the Emerging Cultural Ecology. Elements of our culture have been treated in a fragmented way, as have many aspects in our lives. We are noting from the many environmental crises that we must look at all of the components of our life in an integrated package and culture (a) needs as much as any area to be looked at in this manner, and (b) is one of the key tools in assisting us in reinventing our vision of our lives in a manner that is ecologically and environmentally sound.

The community cultural trusts: I have indicated that the details of this are available in the document that has been proposed, but it essentially involves using lottery funds to create endowments for a wide range of cultural support structures in communities across Ontario.

The first conclusion is to withdraw Bill 119. It assumes that the basic spending patterns in culture will remain static. There is much good evidence to tell us otherwise. Ontario is still a young jurisdiction. We should not steal those resources until the cultural youth has had a chance to mature.

Second, we should be developing an affirmative action plan for the advancement of Ontario's culture during the world decade, including the development of cultural trusts. We really need affirmative action. Culture cannot be compared to health or any of these other sectors in society. All you have to do is look at the average income in that area.

The third is to develop a full provincial cultural policy. One of the problems we face is that while we are developing an Ontario heritage policy, currently we do not have a provincial arts policy and we do not have an integrated provincial cultural policy. Too many things go on on an ad hoc basis. We need to strengthen the place of culture in the government, and possibly the best way to begin is by implementing the 1984 Macaulay Special Committee on the Arts report's recommendation for an integrated Ministry of Culture, Recreation and Tourism involved with the list of jurisdictions outlined in item 3.

The fifth recommendation is to end the destructive and needless politics of culture versus health care. Bill 119 pretends that there is some equity between the standard of living in the cultural professions and those in the health care professions and other areas. The facts tell a dramatically different story.

With respect, ladies and gentlemen, it is perhaps not too much to suggest that any political pitting of the celebratory and life-enhancing but starving cultural community against the emotional issue of additional funding for the established, excellent health care system is an immoral and indecent proposition and should be permanently ended here in the deliberations on lottery funding. If the government wishes to use lotteries to raise additional health care funding, why not create a new game in the same manner as Cleantario?

In conclusion, let us get on with the crucial task of the major expansion of our cultural development investment in our social future and our international tourism industry, using the accumulated reserve funds owing and the full potential of the current and future profits of the games rightly dedicated to culture and recreation by law.

The Chairman: Thank you, John. We are already a couple of minutes over, but I would like to allow the one question that has been noted here. Mr McLean would like to ask one.

Mr McLean: It is superbrief, but I have one question. The second to last paragraph says, "If the government wishes to use lotteries to raise additional health care funding, why not create a new game in the same manner as Cleantario?" How has Cleantario been?

Mr Harrison: It is a proposal, I understand, in the last speech from the throne for the creation of a new lottery in order to fund some additional environmental initiatives. I could comment, I think, that I come from a family with a history of heart difficulties and if I face a heart bypass operation or some emergency procedure, I do not want my health care to depend on somebody having to buy sufficient lottery tickets. I know I am perhaps offending the strict nature of what is proposed, but I think it is unfortunate to take a world-class health system and suddenly have part of it, even if it is a very small part in its massive budget, dependent on a roulette wheel.

Mr McLean: For some time I have been for instigating a separate lottery for health care for capital only, but I certainly have not got too far with that. Anyhow, that is it.

The Chairman: Thank you very much again, John.

Our final presentation of the afternoon will be made by Jennifer Bunting, the president of the Ontario Association of Archivists.

#### ONTARIO ASSOCIATION OF ARCHIVISTS

Mrs Bunting: I feel a little bit this afternoon like the Loyalist saddlebag preacher who was on his way to his assigned task and came around a corner in the woods and was confronted by a bear. He immediately fell to his knees and said, "Oh, God, please let this be a godly bear." He looked up and the bear was also on its knees and the bear was saying, "Oh, great spirit, thank you for this meal."

My name is Jennifer Bunting and I am here today representing the Ontario Association of Archivists. As you can see by the audience behind me, we are not perceived as large players in the scheme of things. Nevertheless, when I am finished my presentation, I hope you will see that we are large players.

The archivists of Ontario have been following the progress of Bill 119 with a deep sense of unease. As we have read the literature generated by the bill and followed the debates, the sense of unease has turned into alarm. We are not interested in discussing any further whether the hospitals are a worthy cause. I am here today because we believe that culture and recreation in this province are not a luxury, but an integral part of a growing, healthy Ontario community.

1650

Most of you have not heard from us before. The Ontario Association of Archivists is the new kid on the block. We were formed about a year ago by amalgamating all the local professional organizations around the province, so we are, as a provincial organization, only a year old. Archivists tend to be persons deeply committed to the care and service of their collections and tend by nature to be tuned inward, focusing on their own concerns. When



opportunities existed to organize a provincial association during the centennial celebrations in 1967 and when provincial funding was made available again in the bicentennial celebrations in the 1980s, we were slow to take advantage.

There is good reason for this. The periods when the government is most interested in heritage are also our busiest times. It is a simple fact that all other heritage activities rely on us to succeed. Does the Art Gallery of Ontario need to date a painting? Where does it go but to the archive to seek information about the travels of the artist? Has a filmmaker received a contract for a new documentary about Billy Bishop or Rocket Richard? Where will he go to find the still photographs of his heroes but to us? How does the Globe and Mail write an obituary for a distinguished Canadian? Where do museums find the stories behind their pots, bonnets and tomahawks? Where do school teachers send young people to learn local history? They all use the archives.

We are the front-line keepers of Ontario's history, but more than that, we are the people who manage your information. If you wish to trace the impact of waste disposal in a small community, you can start with Statscan and you can consult the local newspaper, but sooner or later you will end up with us. If you are doing research into the impact of law on criminal behaviour in Ontario, you will use us. If you want to locate all the sites where coal tar was dumped from gas plants before 1900, you will go to an archive. If you are an engineering firm consulting on the extension of a Toronto expressway, you will find the drawings, maps and photographs produced by your predecessors in an archive. If you are a devotee of the most popular nonsport pastime in Ontario, which is genealogy, where do you begin work on your family tree but at the archive?

Our institutions and my members are the key, the heart of Ontario's information system reaching from the present to the distant past.

I have before me a copy of the Mission and Mandate Statement of the Ontario Ministry of Culture and Communications, MCC 10/88. It states that the mission of the Ministry of Culture and Communications is to stimulate and strengthen Ontario's cultural and communications sectors. I suggest that the implementation of that mission is impossible without the information network, and networks rely on archives. The Ministry of Culture and Communications must have realized this, for in the same document it went on to state that the mission would be accomplished by "supporting the development of information networks, including libraries and archives."

Moreover, in the attached Strategic Directions, the same ministry has pledged to strengthen the role of the archives of Ontario in information management. I am bringing your attention to this document as proof that the Ministry of Culture and Communications has given some lipservice to archives for its attention.

Ministry staff recommended the special reference to archives because they have been aware for some time that the archival community is not served well by the province. Compared to the support given for provincial archives in, say, Quebec or Alberta, the contribution of the government of Ontario to the function of preserving, storing and serving records is poor. Most small archives in Ontario receive less than four per cent of their total budget from all provincial sources from this government combined.

When the dispersal of Wintario proceeds through the grants available to the Ministry of Culture and Communications is examined, it is found that until 1987 archives qualified for almost none of the grants. They were either specifically excluded or incidentally neglected.

For instance, although university art galleries may choose from a wide selection of grants funded by Wintario, university archives are specifically excluded. Applicants for the community facilities improvement program must be incorporated, nonprofit organizations and that automatically excludes most archives. Archives, as they presently stand, usually have no need to incorporate, nor do they usually register themselves as charities.

If you think about the problem, you will perceive that it is very difficult for an archive to be a charity because if you are soliciting funds, the person who pays the piper calls the tune. When you have a public collection of sensitive information that is supposed to be available under the Freedom of Information and Protection of Privacy Act in a couple of years, you do not want some big corporation owning your shelves, your stacks, your typewriters and everything else, because it is going to involve something coming between you and the public that should not be there.

Priority ranking giving preference to applications for Wintario from remote locations places archives at a severe disadvantage. Archives, by necessity, are located in the longest settled, most populous areas of Ontario. Also, selection criteria that put great emphasis on the economic impact of the grant also weight the system against archives. Important archive projects have tremendous impact on dissemination of information but can only claim very indirect impact on the economy of the community.

Moreover, there is an unwritten rule that the ministry employs which is one grant per program per institution. Thus, if a municipality has a museum, an art gallery and an archive under its jurisdiction, the ministry will recommend that only one of those institutions ask for a grant at a time. The municipality then inevitably inquires which application is most likely to win in the competition for a piece of the pie. Given past performance, the most likely candidate is never the archive. Consequently, my members find that they are discouraged from applying for Wintario funds before the application even leaves the institution.

In fact, regional representatives of the ministry have been so disinterested in encouraging applications from archives, despite the Mission and Mandate Statement they were all given, that in August of this year the ministry found it necessary to write to all the regional representatives and remind them that archives are indeed eligible to apply for some of these grants, because they were not getting applications.

Mr McLean: Did you get any money?

Ms Bunting: Did we get any money? Not much.

Many archivists have become so frustrated by their inability to tap funding support that although we are told the ministry is interested in archives, many archivists are still reluctant to spend the four or five days necessary to assemble an application that has almost no chance of success.

I would like to remind the committee that most archives in Ontario run with only one or at the most two professional staff. These people must serve a constant stream of visitors to the reading room as well as prepare finding



aids and perform all the administrative chores. These small archives are most in need of assistance, but such archives are least able to afford four or five days' staff time for an application that they are told by the ministry directly has scant chance of success.

There are no statistics on the number of unsuccessful applications for grant funding. The only statistics concerning successful applications are kept by the ministry. However, a telephone survey of some of our members indicates that contrary to the common argument that is circulating, archives do apply and are usually unsuccessful.

Therefore, we are shocked to learn that we are being blamed in part for the unused residue of Wintario funds that are the subject of this bill. Our ministry representatives tell us: "You did not use it. Now you will lose it." In fact, we have been trying for several years to use it and we have been prevented.

This argument is even more astonishing to us in the light of recent events. This summer, my organization, the Ontario Association of Archivists, which is a voluntary organization, had to wait until July to receive confirmation of two thirds of its operating budget for last year. In July, we received a promise of \$8,000 and we were already well into our fiscal year. We were given very scant hope of getting any other money. We were told there was no more money and for what little money remained, we had to fight with the Ontario Museum Association, the archaeologists and the Ontario Historical Society over the other portion.

Yesterday—the timing is rather amusing—I was informed that the Ontario Association of Archivists will indeed be getting the other third of last year's funding grant, plus a slight increase over last year, which we calculate at about 3.7 per cent, which is very welcome. However, we had applied for almost double that, so in a sense we have last year's budget with a small increase but we had asked for double, and this money is going back that is not allocated.

1700

Four months of our fiscal year have now passed and our organization has been unable to respond to the needs of our members because until yesterday we had no idea what our final budget would be. Our ability to plan and perform has been severely impaired, unnecessarily so it seems, because all the time, supposedly, there is money from Wintario back there for culture that the government cannot legitimately find a way to spend.

The Ontario Association of Archivists has been given \$14,000 to serve the entire province, all archival institutions, all archivists for this year. Last year, our organization produced two extremely useful publications, the Directory of Archives in Ontario, which is no longer available—it has been sold out—and A Guide to Grants: How to get Wintario Money for Archives. However, we have no permanent office space and no telephone. Our address and telephone changes with our volunteer executive. We regularly receive frustrated letters from people who are trying to get these publications and cannot get them.

We increased our application for funding this year because we wanted to have somewhere with a telephone and a desk that would be ours, period, so that our address would not change every 12 months. We got last year's funding, so for another year we are not going to have a permanent address. Moreover, our

organization is only able to afford to do a blanket mailing to our members six times a year. Financial constraints make it impossible to adequately inform our membership of events or issues that affect archives or to properly promote scholarship and educational opportunities, which we are trusted with offering.

I use this as an example, but there are others. For instance, throughout the province there are collections in private hands that are inaccessible to Ontario citizens, or worse yet, are being destroyed because there is nobody to preserve them in the private sector.

School children are taught from poorly prepared and inaccurate materials because nobody is available to make archives more useful for educators. Important decisions are made without the benefit of proper historical perspective because no money exists for the preparation of better finding aids for our researchers, which includes your legislative researchers who come and use our offices so frequently.

The archivists of Ontario believe that the unused portion of the Wintario funds are an illusion. They are not awarded, but they are also not available. We believe that despite our needs, we have never had a fair shot at those funds. We do not suggest any plot behind what has happened, but we are concerned that grant criteria have been developed that often discourage, if not eliminate most archives from applying.

We suggest that some ministry staff do not understand either our needs or our concerns. We believe that these have been key factors in the appearance of biased data, which seem to prove that archives do not want the support of Wintario funds. Moreover, we feel that if Bill 119 is passed in its present format, there is no incentive to remedy this discouraging situation. We fear that the Ontario government then will encourage the Ministry of Culture and Communications to be parsimonious, not generous with the distribution of its funds in order that as much of the Wintario funds as possible may remain unused and available for the hospitals.

The government promises that it will continue to attempt to spend the Wintario proceeds on culture and recreation. We would feel much more secure if this was embodied in the legislation. Moreover, we are concerned that the new Minister of Culture and Communications (Ms Hart) has had insufficient time to become acquainted with the situation and at present is not familiar enough with the issues involving archives and heritage in general to mount a strong resistance to the erosion of funding for culture.

In conclusion, the Ontario Association of Archivists is opposed to the passage of Bill 119. We believe that the lottery proceeds involved will have a far greater impact per capita and be of greater social value if they are left for culture and recreation.

To cultural organizations such as mine, with an operating budget of \$14,000 a year, the funds under discussion here look huge, but as you have been told repeatedly, to the hospitals they are just a drop in the bucket. We believe that the government has not been creative in its attempts to distribute the lottery funds. The surplus has been artificially created by turning away projects on technicalities and by judging projects on priorities such as where you are geographically located or the number of persons employed, rather than the quality of the project or its cultural significance for Ontarians.



In the event that the committee decides to support Bill 119 as it now stands, we urge you to recommend a specific holdback from the funds for culture and recreation. A specific holdback would prevent intentional or unintentional tampering with the grant system to save an increasing proportion for hospitals and make a diminishing part available for culture and recreation. We urge this committee to recommend this holdback be a percentage of the proceeds, rather than a set figure, which could be depreciated by inflation. We believe a bird in the hand is worth two in the bush. We would rather have something that we know we are getting and we can see than a promise of a possibility down the line.

In closing, I would remind you that important as they may be, it is not hospitals that make Paris, London or New York world-class cities; it is their vital role as productive cultural centres. If Ontario wishes to be recognized as a leader in the communications sector and a land of cultural excellence, then we cannot and we must not begin by eroding the financial support that the Ontario Lottery Corporation Act has afforded us. We must begin by realizing the possibilities and building on them, not closing them.

The Chairman: Thank you very much.

Mr Reyecraft: Thank you, Jennifer, for your presentation to the committee this afternoon. I wanted to ask about the \$14,000 that you talked about. Can you explain again the significance? What is that used for?

Mrs Bunting: It is the fund for our organization to operate for the year. It is used to mount workshops around Ontario to train archivists in improving their skills, but it is also used for public workshops to train people how to use archives. It is used for publications like these to get people into the grant system, get them into archives. It is used by members applying for specific grants to help them fulfil specific small functions that they cannot do by themselves, and it is also our operating budget. It pays for our newsletter and for our communications.

Mr Reyecraft: So it is the association that the \$14,000 goes to support.

Mrs Bunting: Yes, but we do disseminate a portion of that out.

Mr Reyecraft: That, of course, is just a very small part of the support that is provided to archives across the province. I have in front of me the estimates of the Ministry of Culture and Communications and I just want to bring those before the committee so that they can be put in context to your remarks. The 1987-88 actual spending by the ministry on archives was \$2.4 million. The estimate in the 1989-90 budget is \$3.4 million. That is an increase of 42 per cent in support for archives over a two-year period of time.

Mrs Bunting: Can I ask you, sir, what proportion of that is the Archives of Ontario?

Mr Reyecraft: It does not include any funds for administration, as Mr McLean has suggested. It is simply identified in the estimates as "Archives."

Mrs Bunting: I would argue that the majority of that money is the Archives of Ontario, which is filling a role which is essential by legislation for this government, namely, looking after your records from the province, which it is struggling to do. It certainly cannot be coming to my members'

organizations because they get less than four per cent of their funding from the province.

Mr Laughren: Very briefly, do some of your members operate out of universities?

Mrs Bunting: Yes.

Mr Laughren: So they would be part of the university administration, or how would that fit?

Mrs Bunting: University archives usually hold the past records, the old records of the university, but they also accept donations from the public of extremely significant public papers, papers and records from famous politicians or writers, sports. Queen's University archives specializes in collecting the papers and memorabilia of Canadian writers. They house those and make them open to the public.

Mr Laughren: That explains why Laurentian is after mine, I guess.

Mr Cordiano: Do the university archivists form part of the library services in the university?

Mrs Bunting: Not usually.

Mr Cordiano: But there are some?

Mrs Bunting: There are one or two examples in the province where the archive is still part of the library, but generally speaking, after a period of time the university gets very frustrated with that because the needs are so different, the storage is so different, the service is so different, and they usually hived it off. At the University of Toronto they have hived it off; at Queen's University they have hived it off; at the University of Western Ontario they have hived it off.

1710

Mr Cordiano: So none of the funding that would go into the library services would fall into—

Mrs Bunting: Archives are excluded from the majority of library funding. If you are a stand-alone archive, you cannot apply for library funding.

The Chairman: Were you finished, Mr Laughren?

Mr Laughren: No, I just had one more thing. I bristled somewhat when you expressed resentment at small communities getting preferential treatment. As someone who represents a large number of very small communities, I do not know why you would feel that way.

Mrs Bunting: Because the majority of archives in Ontario, unfortunately, and we would love to see more archives but there are not more, the ones that exist right now do not exist in small communities for the major part, and certainly not in the north. We have only one archive in Ontario that qualifies as a northern archive.



Mr Laughren: Where is that?

Mrs Bunting: That would be the one in North Bay.

Mr Laughren: Is that right?

Mrs Bunting: You see, archives grow up where there is a collection to serve, and your communities were settled later and there tended not to be so many papers so there are not archives there yet. When you have an organization like Children's Aid, which is an old organization that has a long past, if it wants to put an archive somewhere it is likely to put it in Toronto because then more of its members can get to it. It is a service function, so they are not likely to place that archive in North Bay or Thunder Bay.

Mr Laughren: You do not think it is because of inadequate funding.

Mrs Bunting: We would love to see more archives, but I can only speak for what is there now. We would love to see community archives, certainly municipal archives, throughout the province serving the municipalities. Most municipalities at the moment do not have archives. We would love to see them have it, but obviously when we are not getting funded for what we have, how can we ask for more for what we do not have?

Mr Laughren: Many of us are worried, as you are, that it is bad enough now. When this bill goes through, it will be legal to have the hospitals compete against cultural and historic organizations such as yours, whereas in the past it has been done but it has been done through the back door. So we are very worried about what happens.

Mr McLean: I am very well aware of the Simcoe county archives and I realize the work the archives do. It is excellent. How many like that would there be across Ontario?

Mrs Bunting: Simcoe county is the municipal archives.

Mr McLean: Yes, it is a county.

Mrs Bunting: Golly, I do not have that figure right to hand.

Mr McLean: Is it 10 or 20?

Mrs Bunting: It does not equate to the number of municipalities. There is one in Lennox and Addington; there is one in Peel. There are certainly fewer than there should be considering the amount of record that is out there.

Mr McLean: Our heritage and our past is something to be recorded, and that is where it is done.

Mrs Bunting: Yes. What happened in the past was that the tendency was for the Archives of Ontario to take it, so the feeling was that one did not need it because the Archives of Ontario conserve it. But for the last 10 years the Archives of Ontario has not been able to cope. They are just bulging at the seams and have been turning the papers away. What most municipal clerks do is destroy them eventually.

Mr McLean: That is unfortunate.

Mr Callahan: Just as a matter of curiosity, I do not imagine it has anything to do with this bill, but the archives constitute papers that are considered to be of historic significance. Has there ever been a move afoot to move into the technological field where you would you have all the archives centred in one place with access through computers to use by the people in the various municipalities?

Mrs Bunting: There are two problems with that. One is it is the same problem you must encounter when you talk to arts and culture groups, that you need that arts or cultural institution in your community to form the heart of your little community so people have their records. Simcoe county has Simcoe county's records there, relating to the people who lived and died there. Cemeteries are outside, the buildings they built are outside; the two feed off each other to make a cultural whole.

More than that, we are in the situation now where we have by no means catalogued our holdings, just to say this piece of paper or this file contains this. To have somebody feed that into a computer so that somebody 100 miles away could punch a button on the computer and see the information on that form, to us that is beyond the realm of possibility. We cannot even type in now what is in a file folder. There is not enough staff, there is not enough time, there are not enough computers, so it is an impossibility.

Mr Callahan: So I gather even if that technology was available, you are saying because of this being tied into the local nature of the things in the community that that would not be acceptable. I think we are getting into a situation where we are going to have paper all over the place. The registry offices must have tons of the stuff, the courts, the whole thing, and that is really archives, the registry office. That is your basic deeds and so on. We are going to kill ourselves in a paper chase, I think, at some point.

Mrs Bunting: Older countries than us have records that go back a thousand years, including their modern records, and they are coping better than we are. They look after them. You can go to Paris, and it is incredible what you can access in Paris going way back, despite the war. They find ways to store and retrieve the material. We do not spend nearly as much, nor do we emphasize it. This has happened because the public was not interested in old papers, but that is changing. The public is getting very interested in old papers. I only have to say the word "Polaris" and you will know how excited the public is about old papers.

Mr Callahan: Or a Mickey Mantle baseball card of 1972 or something.

The Chairman: More like 1962 than 1972.

Mrs Bunting: Yes, they get terribly excited about access to this, and freedom of information is going to make them more excited, because they think they can now write their little report or whatever. They want to get in and they want to use this stuff. They are becoming much more volatile, and we cannot serve them. We could not serve them before, and in 1991 we certainly cannot serve them.

The Chairman: Thank you very much, Jennifer. On behalf of the committee I would like to give you a special commendation on getting an Ontario-wide organization going in such an important area. I think to preserve



our historical heritage is very important, and you are to be commended for doing that. Thank you very much.

Mrs Bunting: We are really cheap.

The Chairman: For \$14,000 we could not do a better deal.

Unless there is further comment by members of the committee, I propose to adjourn in a moment. I would like to remind everybody that we start promptly at 10 o'clock in the morning—

Mr Laughren: Mr Reycraft must have something to say.

The Chairman: —and I am looking to my right when I say that.

Mr Laughren: Why don't you look to your left?

The Chairman: Thank you very much. The meeting is adjourned until 10 o'clock tomorrow.

The committee adjourned at 1717.

CA20N  
XC16  
-G24

STANDING COMMITTEE ON GENERAL GOVERNMENT

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

WEDNESDAY 13 SEPTEMBER 1989

Morning Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)

Bryden, Marion (Beaches-Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park-Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Laughren, Floyd (Nickel Belt NDP) for Mr Charlton

Neumann, David E. (Brantford L) for Mr Fleet

Reycraft, Douglas R. (Middlesex L) for Mr Ruprecht

Clerk: Carrozza, Franco

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Ontario Municipal Recreation Association:

Gates, John, President

From the Regional Municipality of Peel:

Eason, Louise, Director of Financial Planning and Reporting

MacDonald, Todd, Financial Policy Analyst

From Sport Ontario:

Heeney, Walter, Chairman

Bennett, Bill, Member, Board of Directors

LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday 13 September 1989

The committee met at 1006 in room 151.

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989  
(continued)

Consideration of Bill 119, An Act to amend the Ontario Lottery Corporation Act.

The Chairman: The chair recognizes a quorum. I would like to point out that the members of the third party indicated to me yesterday late in the day that they had a funeral they would be at today. They asked us to continue in their absence and to apologize for that.

Our first presenter this morning at these hearings by the standing committee on general government on Bill 119, An Act to amend the Ontario Lottery Corporation Act, is from the Ontario Municipal Recreation Association. As a person who served on that body for a period of time, it gives me a great deal of pleasure to call on John Gates to make that presentation.

ONTARIO MUNICIPAL RECREATION ASSOCIATION

Mr Gates: On behalf of the recreation volunteers across Ontario, I wish to thank you very much for providing the opportunity for us to express our concerns regarding Bill 119 this morning. It is truly a privilege for me to represent the Ontario Municipal Recreation Association at this hearing.

I would like to introduce myself to you a little so that you will have some idea of my own background. As the chairman pointed out, my name is John Gates and I have served since 1977 as a recreation volunteer at the municipal, regional and now the provincial levels. I am currently in my second term as the president of OMRA.

When I am not involved in recreation volunteering, I am a high school teacher with the Bruce County Board of Education. This year I am serving under secondment to Ontario Hydro, teaching energy and environmental programs on its behalf in schools in southern Ontario. I do thank Ontario Hydro for the day off today to come down to make this presentation.

Mr Laughren: With pay?

Mr Gates: Yes, with pay. I owe them seven hours of overtime when I get back.

OMRA is an organization of volunteer citizens like myself who believe in the values of recreation and freely give their time to serve on rec committees in their own communities. Presently we have 350 municipalities which are members, and that represents approximately 3,500 individuals.

Our organization is the only one of its type in Canada. No other province has a similar body of municipal recreation volunteers. We are unique. We are the largest recreation organization in Ontario and we are firmly



opposed to Bill 119. We believe the only valid solution to the future of lottery funds in this province is, first, to create a trust fund from the unallocated surplus and, second, to ensure a guaranteed level of funding from lottery proceeds to the traditional recipients.

In the document which I submitted to the committee in August, there were several arguments put forward to support our opposition to Bill 119:

1. The government is creating a negative image about the value of recreation, and recreation will once again be treated as a nonessential service;

2. Our inability to trust the government's promises about the secured status of our current and inadequate levels of funding;

3. The loss of local revenues to recreation through reduced tax proportions and reduced contributions from the volunteer sector; and

4. The apparent contradiction in objectives when comparing the 1989 throne speech with Bill 119.

Rather than expand upon these issues this morning, I propose to bring forward several other points to support our position of opposition to Bill 119. Let me begin by talking about the true meaning of lottery-funded grants to the small municipalities in Ontario.

Wintario grants traditionally lever two or three times the money from councils, corporations and citizen contributions, moneys which otherwise would not be invested in recreation facilities. For each government dollar invested, there appears to be a \$9 return to the community at some point in the future.

Recreation, sport and fitness are large employers. For example, in the town of Kincardine, with 6,000 people, more than 150 people, especially youths, have full-time or part-time jobs in the sport and recreation sectors.

Lottery money that is used to help build arenas and the attached community halls in these small towns and villages provides immeasurable benefits to the overall social fabric and focus for that particular small community.

Imagine for a moment, if you will, the reaction to Bill 119 in many of these small towns that have had their arenas or community halls closed in the last few years. Many of them applied for Wintario grants to help replace that building or at least to get it renovated and brought up to standard. Many of the grants were turned down because "the money had been allocated." In fact, in the early 1980s there was a complete freeze on capital grants; they claimed that all the money was spent.

Now we find out that over the last 15 years, in excess of \$369 million was not spent. Why should those communities have been forced to do without those facilities? Why should they now be threatened with the prospect of no funds in the future? It seems to me to be a very strange way to build confidence in the electorate, especially in small-town Ontario.

A second new point I would like to talk about this morning deals with some of the current problems in recreation. In a speech to the 1989 OMRA conference in Sault Ste Marie, the Deputy Minister of Tourism and Recreation, Blair Tully, highlighted several problems that are facing municipal

recreation. Among them were that currently 56 per cent of our population in this province lives between London, Oshawa and the Highway 401 corridor. He wondered at that time how this would affect our ability to provide equal opportunities in recreation for Ontarians.

He also noted that smaller, isolated communities have fewer resources to try to provide these recreation opportunities. He also noted that many recreation facilities are in need of major repair and that government is finding it very difficult to allocate more money for capital conservation. Mr Tully told us he understands that the replacement value of today's recreation facilities alone is estimated at more than \$2 billion. I suggest to you that guaranteeing lottery funds to the Ministry of Tourism and Recreation would allow that ministry to wisely distribute this money to solve these and several other problems.

The third point I would like to raise this morning deals with the government's community recreation policy statement. This policy statement was approved by cabinet in 1987 and it is an excellent document to guide recreation for the next decade and into the 21st century. OMRA was very proud to have served a role in the process in helping to create that policy. OMRA is totally committed to the principles and goals that that policy states.

There are two key statements in that policy that I would like to make note of this morning. First, the policy itself identifies the potential of recreation to enhance wellness and help people adjust to social and economic change. Second, the policy urges all the partners in recreation to provide a broad range of opportunities to all segments of the population. Those are a couple of statements that are in the policy.

I would like to take a minute to look at the first one. As you are aware, many published studies about the benefits of fitness and healthy lifestyles indicate a potential annual saving to the health care budget of something close to \$800 million. If wellness is a real goal of government and if budget control of the health care system is essential, then why transfer residual lottery money to health? Leave the money in a place where optimum advantage can be gained. In our opinion, that is with the recreation, sports and fitness sector.

The second statement from the policy asks recreationists to provide more services more frequently to more people; but where do we get the money from? User-pay is an option, but perhaps user-pay excludes large segments of the population as costs rise. Lottery funds can perhaps help subsidize many of these services if they are in fact available. If equal opportunity for all is a worthy objective in this province, I do not see any need to threaten to remove lottery funds from recreation; guarantee their long-term availability.

The assistant deputy minister of Tourism and Recreation, Robert Secord, recommended to the delegates at the 1989 OMRA conference that the policy statement needs to be read and used by municipal recreationists. I would suggest this document needs to be read and implemented by all MPPs. There needs to be some type of commitment from all politicians at all levels to the goals of the recreation policy statement.

The last issue I wish to address this morning is perhaps the most important component in the recreation delivery system, the volunteer. Some 370,000 volunteers in this province contribute approximately \$250 million worth of time to recreation, sports and fitness. The Ministry of Tourism and Recreation will soon release the results of an important study on the status



of volunteerism in sports, fitness and recreation in Ontario. This study will focus on the needs and trends in volunteerism and the needs of the organizations they serve. The ministry hopes to recommend ways to sustain the vitality of a resource that it knows it cannot afford to lose.

Let me suggest that one way to maintain this resource, the volunteer, is for government to show some confidence in these people so that they in turn will have some faith in the government. The threatened removal of lottery funds is no way to say thanks for the contribution made by these people to this province. These people need to be encouraged, not discouraged. These volunteers are currently assessing their levels of commitment and the numbers of volunteers are declining. At a time when we need more volunteers, fewer appear to be available.

What are the challenges facing these volunteers in municipal recreation? A year ago, at the 1988 annual conference of the OMRA, the Honourable Hugh O'Neil, then Minister of Tourism and Recreation, summed up the situation this way:

"We must also take stock of new recreational needs emerging in Ontario. I would say that there is no part of society in which the impact of change echoes louder than in the field of recreation and leisure. Shorter workweeks, longer vacations, changing family patterns, technological change, an ageing population—these and other factors are boosting the demand for recreation and leisure."

A year later, Bob Secord continued this theme in his keynote address to the OMRA conference:

"In spite of all these influences, we who are involved in some way in municipal recreation will be those to whom the public looks for leadership. It is an awesome responsibility, but we must have the courage, foresight, commitment and mechanisms to respond."

The OMRA board of directors has the foresight, has the commitment and has the mechanisms to respond to this demand for leadership. We facilitate the training of more than 1,000 volunteers each year so that they can provide the recreation leadership back in their own communities.

Ontario grants of less than \$15,000 total enable OMRA to lever the money required to operate all of these training sessions. I wonder where else government could train 1,000 volunteers at an average direct lottery cost of less than \$15 per person.

I am sure you can now recognize and appreciate the basis of OMRA's fears about Bill 119. Hundreds—and I mean hundreds—of rec committees and municipal councils have examined the government's arguments and have disagreed. Resolutions opposing Bill 119 have come from all corners of Ontario, from the smallest hamlet to the largest city. In fact, these resolutions keep coming in.

On September 7 the council for the town of Kincardine reaffirmed its opposition by passing a second resolution opposing Bill 119. On September 11 the council for the city of Owen Sound reversed an earlier decision and it has now become a supporter of our resolution and position on Bill 119. These are but two examples of the ever-expanding ground swell of opposition to this piece of legislation.

The members of OMRA are not concerned about personal job protection or career building. Rather, we are trying to protect the values and philosophy of

promoting quality recreational opportunities for the citizens of Ontario. If government is serious about its policy statement, if government truly believes in the objectives of the throne speech, if government wants to maintain its partnerships in the delivery of recreation services and if government values the contribution of volunteers, then surely government must listen to our requests.

First, the accumulated profits of the dedicated Ontario lotteries should be treated as a trust fund and the interest thereon should be allocated annually for the support of culture, recreation, sports and fitness. The interest on this trust fund could be split equally between the culture and recreation sectors and could be allocated for specific priority projects.

Second, one third of the ongoing annual profits of all six lotteries should be allocated for the support of culture, recreation, sports and fitness. This is consistent with the intention of the current Ontario Lottery Corporation Act and in keeping with the existing and anticipated needs of the recreation and culture sectors. These ongoing profits should continue to be used for capital projects and other specific nonrecurring problems.

I once again thank you for the opportunity to make this presentation. I will be pleased to answer any questions which you might have.

1020

The Chairman: Mr Reycraft would like to either make a comment or ask a question.

Mr Reycraft: Both, and in the other order—well, perhaps in that order this morning.

Thank you, Mr Gates, for coming before us and articulating the position of the Ontario Municipal Recreation Association. By way of comment, let me say at the outset that I do not think you will find any member of this committee or any member of the Legislature who would suggest that recreation is a nonessential service. I think most of us agree that not only is it as essential as education, health care and other programs, but indeed it is an integral part of those other services and it is worthy of support.

I understand your concern about the negative impact of Bill 119. I have talked in this committee on previous occasions about the increase in provincial support for cultural and recreational programs in various ministries and how that has increased on average over the last five years by 9.6 per cent.

I want to ask if your concern about Bill 119 would be the same if you could be guaranteed that that level of provincial support in real dollars would be continued?

Mr Gates: Would that be through lotteries, tax base funding or whatever mechanism is available?

Mr Reycraft: Through both.

Mr Gates: It would be my belief that our association would probably be very satisfied if we knew that there would be a guaranteed commitment somehow, some way. We rely on the lottery dollar for much of our business, and it is the fear that it may not be available. It could be shifted elsewhere for



maybe a year or two, but then it is very difficult to shift it back; so that once lost, it is very hard to regain. If there was some kind of guarantee somewhere, I would see that being a partial solution to the problem.

Mr. Reycraft: Is it fair to say that your concern is more related to a fear of reduction in provincial support for culture and recreation programs than it is for the use of lottery funds for other purposes?

Mr. Gates: If there was money to continue the building of new projects guaranteed, I would see that as being a positive step; but right now we rely, as I say, on that lottery pot. There is not tax available to build new arenas, new tennis courts and new ballparks so that something needs to be there that is going to guarantee the development of new projects.

Mr. Reycraft: Yesterday afternoon Mr McLean, another member of the committee, suggested that a better way of resolving this matter would be to have a specific lottery that was dedicated to health care as opposed to using the unallocated funds for hospitals. Does that strike you as being a reasonable position? Would you support the development and introduction of a new lottery and the dedication of the profits from that lottery to hospitals?

Mr. Gates: Would that imply that the current lotteries would remain in place and that those funds would be left? I would fear that if a new lottery is developed maybe other lotteries would be dropped. A lottery to promote hospitals and the removal of the Wintario weekly draw would solve the health care problem but would put us even in more jeopardy.

Assuming that no lotteries are removed and that the lottery pot is split, I can see that benefiting both groups because perhaps then the annual unallocated number, which runs around \$35 million to \$40 million, might all be used. It would certainly be more than what we have ever seen before; so we could absorb the small loss in the gross revenues to Wintario if they would in fact release all of the money each year. Then the money that goes to hospitals and someone's health care is dependent upon the lottery dollar, and that is in a whole other philosophical debate, as you are probably well aware.

Mr. Reycraft: Thank you.

Mr. Callahan: I just wanted to follow up on that. We know from the history of the contest between the feds and the provinces over introducing different lotteries that they had to get out of the field because there was a reduction in sales, obviously. There are only so many people out there to buy tickets. If as Mr Reycraft suggested the alternative were a lottery specifically for hospitals, it would probably impact on the proceeds to the present lotteries.

If you agree with me that this is probably what would happen, is it not better then to continue the way we are going and to allow whatever spillover there is after you have received the nine per cent which Mr Reycraft has indicated you have been receiving up to this point, or in excess of nine per cent actually, than to go the other route?

I am not asking you to agree with Bill 119. I am just asking, of those two alternatives, would you not agree to a continued nine per cent? It appears as though that is the case.

Mr. Gates: The question we still have is that nine per cent is still at the whim of whoever makes the decision to increase our share of that

lottery pot. I think our request is to take a look at the six lotteries and whatever the dollar value is that year and say that we would like to see one third allocated here.

It is not too difficult to project early in the year what the trend is that year in lotteries and have some projection as to what might be available by year's end. We would also then know whether or not \$35 million or \$40 million was tucked away to the unallocated surplus pot.

Mr Callahan: I think that should be addressed. The former act, passed by the former government, used the words "to be available." They did not say that it was guaranteed; they did not say that it was a trust fund. In fact, if you are familiar with what the consolidated revenue fund is, it is just a pot into which all of the money of the government goes and it is allocated at times when ministries put in their budgets for the year. There is no surplus there per se, nor was it intended by the former government that there would be. I think what they did was to create a heightened expectation by using some very clever words, "to be available."

But just going to the third that you have requested—and other groups have requested as well that a third be earmarked—let's use this scenario. I am trying to look at it from all sides. Let's say that lottery became less popular than it is today, ie, the funds from lotteries decreased significantly. Would you not feel that by locking yourself into a third, you have done the reverse of what you are trying to accomplish by reducing the amount of money available?

The government could say: "Well, thanks. You asked for a third. You got a third. You now have a third of a lot less than you had before." Does that not concern you?

Mr Gates: It would concern me, but I guess if the whole lottery pot were down, then everything else would suffer the same way. I think it would be probable that if the trust fund were established, that could maybe be lent on a one- or two-year basis to the annual fund. If the lottery funds still stayed on a continuing downward basis, then I think the whole situation would be ripe for reassessment.

There are projections that I have seen that the lottery dollar will not be as available, but we still feel that if an actual one third of everything that is created is surplus, it would more than satisfy us for quite a while. It would take a really disastrous downturn before we could feel a bad pinch, I think, but a lot of other stuff is not going to feel the pinch before us.

Mr Callahan: Finally, looking at it the other way, if the needs of society, things such as AIDS—nobody knew anything about AIDS five years ago, did not anticipate the impact, nor do we know what impact it will have on our health care system. Let's say things like that, which are unanticipated at the moment, created heavy pressures on the government to fund those operations. Would you feel the same way, that if you were guaranteed that third, groups such as yours would be prepared to release that obligation to allow these other items to be funded? Or would you say, "No, no, that's our money and you have to find it someplace else"?

Mr Gates: That is a very difficult projection to make from my position because I have mixed emotions. I do believe that the health care system has some places where it needs some assistance, but I also firmly believe that if we can keep people out of the hospitals, there might be, as I



said earlier—and Dr Shephard's numbers produced it. If we can keep the fitness level high, there might be an \$800-million saving, if not a reduction in the health care budget, then allocations to new projects and advanced research, maybe even helping solve the problem of building the new Princess Margaret Hospital that I heard about on the radio yesterday.

To me, that is the way to go. Let's get a healthier, more fit population, and the money we save on the health bill can be allocated to many of these new projects. If that is not enough yet, I think again, as I said, maybe we all have to sit down and reassess the whole situation.

1030

Mr Callahan: I do not think anybody disputes that. As Mr Reycraft has said, every member of the Legislature in total would agree with that, except that we do not know what the future holds; if we did, we would be in a better position. You can see that is the conundrum the government is in. I guess that is what we have to struggle with in this committee.

Mr Gates: We are all looking at scenarios, best-case, worst-case and what is the most likely case, and we are trying to protect what we envision as the worst-case scenario. If the best-case scenario comes through, then maybe our fears are unfounded.

Mr Callahan: You always have the final say in the worst-case scenario. If the government retreats to the extent that it does not give you anything, you have that one weapon in your arsenal that is perfect; it is called not voting for them.

Mr Laughren: Mr Gates, I appreciate your presentation. I found it very restrained, given the very real threat to the recreation programs in the province. I support your brief, but as I say, I found it very restrained.

You should know that the government has basically behaved like a pimp when it comes to the use of lottery funds. I will tell you why I say that. When lottery funds were introduced, there was a fair amount of resistance to them. They said, "Because of all this resistance, we will tie lottery funds to something like apple pie, namely, sports, recreation, culture." So they did. They used sports, culture and recreation to legitimize lotteries. That is what they did.

Mr Faubert: Your party voted for it.

Mr Laughren: We voted for it on the understanding that it would stay where it was said in the bill it was going to go.

I am glad you did not get sucked into the ridiculous argument being put by the government members that it is either this or health care. What a grotesque argument for these people to be using, that you are supposed to make a decision between health care and culture and recreation.

Mr Faubert: Who said that?

Mr Laughren: That is exactly what the members are saying over there and that is what this bill is saying.

Mr Faubert: That's not true.

Mr Laughren: They are saying, "If you don't like this, it means the hospitals will get less." That is what they are saying.

Just to reinforce what Mr Gates said, let me tell you something. Between 1986 and 1988, for the Ministry of Tourism and Recreation, only 47 per cent of capital grant applications were funded. Of the total money applied for, only 44 per cent was granted, because that includes not just the capital but the operations as well. In all this time, this large surplus has accumulated, while these applications were being put in.

I want to ask you whether you know in your community of any applications that were turned down, and could you give us any examples of them?

Mr Gates: I do know of two arenas that are still closed, one since 1986 and one since 1987. One has now been funded by Wintario this year and one is still waiting. Those are within 50 miles or 80 kilometres of my home community. It is a very difficult pie to split. There are only so many dollars, they say, that are available. Those are two examples I know of, but I think if I had someone here from every area of the province, each of them could come up with two or three examples the same way.

Mr Laughren: Your estimate of the surplus is terribly modest. You said \$369 million, because that was the number the government was trying to put out there. But by 31 March 1989, I believe it was \$1.6 billion; by the end of this year, it will be much closer to \$2 billion. That is the amount of surplus that has been generated. Despite the fact that the bill said it was to be spent for these purposes, guess what they did with that money? They just took it and put it into the consolidated revenue fund. It is not there. It is only there on paper.

The way the government has behaved on lotteries should make people out there very angry. That is why I started off my comments by saying I appreciated your very restrained brief, because they have stolen money from the recreation associations across this province.

The Chairman: Thank you very much. Any further comments or questions?

Mr Callahan: I am glad we came away with our reputation unsullied there—

The Chairman: Thank you very much, Mr Gates. We appreciate your presentation.

Our second presentation this morning is on behalf of the regional municipality of Peel. Mrs Louise Eason, director of financial planning and reporting, and Todd MacDonald, financial policy analyst, will be making the presentation.

#### REGIONAL MUNICIPALITY OF PEEL

Mrs Eason: I appreciate the opportunity to represent regional council this morning on the subject of Bill 119. Before presenting the views of regional council on this topic, I would just like to put the region of Peel in perspective for you with a few statistics. The region of Peel is an upper-tier municipality, having among its lower-tier municipalities Mississauga, Brampton and Caledon. Peel's population in 1989 is 664,000 and since 1974 we have grown at a rate of 20,000 people per year, which is twice the size of the average Ontario municipality.



Peel's population will reach 800,000 in 1996 and a full one million-plus by the year 2011. This will account for the third highest rate of population growth in Ontario, overall, in future.

A few financial indicators reveal a strong economic performance underlying Peel's economy and the challenges faced by our municipality in maintaining high-quality public services. Taxable assessment in Peel was at \$7.1 billion in 1983 and \$8.8 billion by 1987. This is a compound annual growth rate of 5.6 per cent. Last year alone assessment grew by 8.9 per cent. The municipality is projecting a current budget this year in the order of \$350 million and a capital budget over the next five years of \$1.1 billion.

A brief examination of the historical growth patterns in Ontario lottery revenues and hospital operating expenditures helps explain why the province has opted for the reallocation of revenues inherent in Bill 119. According to the most recent edition of Ontario Finances, lottery revenues are forecast to reach \$500 million in 1989-90. This \$500-million forecast represents a quadrupling of lottery revenues collected in 1983-84. We have been informed by officials at the Ministry of Treasury and Economics that the surplus of provincial lottery revenues carried over since 1977-78 amounts to \$1.6 billion in 1989-90.

With respect to health, over the past decade provincial expenditures on the operation of hospitals increased by more than 250 per cent between 1978 and 1988, moving from \$2.0 billion to \$5.5 billion. On a per capita basis, this is an increase from \$234 to \$581, an average annual growth rate of 9.5 per cent. For 1989-90 hospital operating grants will increase by 8.3 per cent, totalling \$6 billion.

What do these numbers mean in relation to Bill 119? From Peel's perspective Bill 119 is best understood as a pragmatic budget management tool. In the face of our recent growth we can understand that. This allows the province to tap into the lucrative field of lottery revenues in order to finance escalating hospital operating expenses.

It is not clear what will happen to existing levels of funding for cultural and recreational programs under Bill 119. Providing funding for cultural and recreational programming was the main intent of the original lottery legislation and was used as a major selling point in convincing the public that government had a legitimate role to play in the lottery business.

Peel council supports the efforts of the province to deal with escalating hospital operating expenses through the use of innovative funding instruments, providing such instruments are both fair and effective. It is Peel council's contention that Bill 119 as presently structured does not meet the tests of fairness and effectiveness. With some relatively simple amendments to the bill, a greater degree of fairness and effectiveness is possible.

Peel council's concerns with Bill 119 were formally expressed on 16 June of this year by council resolution 89-556-47. We have registered a copy of this resolution and the supporting report with Mr Carrozza and we have additional copies with us should they be required.

1040

In short, regional council would prefer to see cultural and recreational programs remain the primary recipients of lottery funds. Surplus funds could

be made available to purchase equipment related to health promotion or illness prevention and to meeting the costs of hospital capital construction.

I would like to use the balance of my time to elaborate on the reasons behind council's position and to offer suggestions on how the bill can be improved.

First, turning to the issue of effectiveness, as previously mentioned, Peel's comments on Bill 119 are based on the assumption that the province's primary goal is to free up lottery revenues to meet the fiscal challenge of providing first-rate health care services. If this is the province's goal, Peel notes that a longer-term approach stressing hospital capital costs rather than hospital operating costs would be more effective.

Let me explain why council believes this.

The Honourable Elinor Caplan, Minister of Health, has made numerous public references to the need for hospitals to rationalize their approach to their financial management. Average annual increases of 10.3 per cent in hospital operating grants have not prevented hospitals from submitting deficit budgets to the Minister of Health. The Minister of Health seems committed to correcting the budget deficit problem and has taken positive action through her 1988 review of the 23 Ontario hospitals which have a history of running budget deficits.

How seriously will the administrators of these hospitals take the Ministry of Health's deficit review when they see that Bill 119 will free up an extra \$500 million annually to cover hospital operating expenses? It seems quite obvious that simply supplying more dollars to cover hospital budget deficits is ultimately a self-defeating policy. Hospitals will lack any incentive to buy into the Ministry of Health's budget reform process.

In a health policy sense, Bill 119 will be counterproductive. In a financial management sense, it will only provide a Band-Aid solution to the fiscal pressures posed by escalating health costs.

Through other initiatives, the province has shown it understands that future health care challenges cannot be met simply by coming up with more money. The Premier's Council on Health Strategy has published a discussion paper on goals for the health care system. This paper emphasizes the importance of health promotion and illness prevention. It calls for a balanced approach to allocation of health funding between illness prevention and illness avoidance.

Bill 119 does not address the need for balanced funding because it focuses solely on hospital operating expenses at the expense of new capital assets dealing with health promotion. The bill could better contribute to the Premier's council strategy by freeing up funds for one-time purchases of health promotion equipment. The purchase of such equipment could contribute to effective and cost-efficient health care. Capital assets that improve health promotion save the province operating dollars in the long term. It is also important to ensure funding is available to maintain existing access to hospital facilities in the face of population growth.

As mentioned earlier, Peel would prefer that cultural and recreational programs continue as the main beneficiary of lottery revenues. However, if the province is determined to fund health services with lottery revenues, an amendment to Bill 119 that permits investment of lottery revenues in capital



projects and long-term health promotion strategies is recommended. This would go a long way towards ensuring effectiveness.

When it comes to capital expenditures, Peel knows whereof it speaks. I mention in passing that in the past decade Peel has contributed \$42 million towards hospital capital assets in the region. Were it not for the province's decision under Bill 20 to disallow the use of municipal development charges to fund growth-related hospital capital facilities, Peel would be contributing a further \$51 million over the next five years and that \$51 million would represent roughly a third or less of the total gross hospital capital costs projected. Hospital service levels are at risk if alternate capital revenue sources are not identified.

Having dealt with Peel council's view on the effectiveness of Bill 119, I would like to turn for a moment to the fairness issue.

Bill 119 would permit the province to use up to \$1.6 billion in surplus lottery revenues to fund current hospital operating costs. The revenues in question were specifically designated for cultural and recreational projects at the time they were raised. Peel is somewhat puzzled that worthwhile cultural and recreational projects from across the province were left unfunded while record profits were recorded by the Ontario Lottery Corp. In the interests of fairness, these surplus lottery revenues should be allocated to the types of projects for which they were originally raised. Any unallocated surplus remaining, once eligible projects have been funded, could be justifiably targeted for alternate purposes.

In order to remain faithful to the original intent of the Ontario Lottery Corporation Act, the committee might consider recommending an amendment to Bill 119 that allocates a stipulated percentage—none is offered by Peel—of lottery revenues to cultural and recreational programming. As lottery revenues grow, therefore so would the provinces' commitment to services originally associated with the Ontario Lottery Corporation Act. In this way, fairness also would be well served.

In summary then, Peel would recommend the four following changes to Bill 119:

1. Give priority to cultural and recreational programs by stipulating a percentage of lottery revenues to be allocated to them each year.

2. Remain faithful to the original spirit of the Ontario Lottery Corporation Act by allocating past lottery revenue surpluses to the programs they were originally raised to finance.

3. Fund hospital facilities and capital equipment, particularly items that prevent illness and promote healthy lifestyles, instead of funding hospital operating costs and encouraging hospital budget deficits.

4. Allow lottery funds to replace development charges as a source of financing hospital capital construction costs, if indeed Bill 20 ultimately disallows municipal development charges as a funding source for growth-related hospital costs.

Mr Callahan: I just want to go, if I could, to page 2 of the 16 June 1989 memo, which was to the "Chairman and members, committee of the whole." At the top of page 2, the statement is made: "Bill C-119 would not only remove the existing designation of a specific amount of lottery profits to culture

and recreation, it would also retroactively cancel the obligation to spend the accumulated...unspent profits on the purposes for which they were designated by an act of the Legislature."

That is not totally correct. I do not know who did the memo, but the previous act, Bill 344, simply said, by section 9—those were the words of the government of the day—"to be available." It did not say they were there. It still went into the consolidated revenue pot and was to be available.

Mr Laughren: So why do you need this bill?

Mr Callahan: All I am saying is that the background material perhaps should at least be clarified, particularly since I am one of the representatives from Peel.

Mrs Eason: Yes.

Mr Callahan: There is one other thing I would like to ask you. You have indicated some of the amounts have been allocated out of lottery funds to Peel since 1985.

Mrs Eason: In the last five to eight years.

Mr Callahan: They have been particularly generous, have they not?

Mrs Eason: We have very much appreciated the funding that has come our way and it has been put to very good use.

Mr Callahan: Can you relate the generosity—I hope I am not putting words in your mouth—between 1985 and the present, related to what the generosity was pre-1985?

Mr Laughren: Oh, don't get sucked into that question.

Mr Callahan: If you do not have it with you, perhaps you could provide that to us because it might be good background information for the committee when it deliberates.

Mrs Eason: It is a funding source we have only used in recent years as we get more into heritage building renovation.

Mr Callahan: A good deal of it is used by the municipalities themselves.

Mrs Eason: Yes. I cannot speak for them.

Mr Callahan: I know Don Gordon in our community is a very successful and very aggressive gatherer of funds.

Mrs Eason: Yes, I know Mr Scott will be here to speak for himself on that.

The Chairman: Mr Laughren, would you like to relieve the pressure by making a comment or asking a question?

1050

Mr Laughren: Relieve the pressure on whom?

The Chairman: You.



Mr Laughren: I just think Mr Callahan should stop playing his silly little game of saying nothing has changed. If nothing has changed and the government could do this all along, why do you have this bill? You have this bill to legitimate the act of taking the accumulated surplus. That is what it is for. The whole bill is to take that accumulated surplus and spend it—to legitimate the spending that has already occurred, I should say. That is really what it is all about.

You cannot argue it both ways. You cannot say nothing has changed because the government had the right to do this all along and then say the bill is being passed for some other reason. It does not make any sense.

Mr Cordiano: You are right; just to—

Mr Laughren: That is all it does; nothing else.

Mr Cordiano: There is nothing to hide about.

Mr Laughren: Right. So why is the government pretending it is different?

Mr Cordiano: Nobody is pretending.

Mr Laughren: I wanted to know if you had any examples of capital projects or programs that had been refused in Peel.

Mrs Eason: In the case of the region, I am not aware of any.

Mr Callahan: See?

Mr Laughren: What does that have to do with the bill?

Mr Callahan: I have a note here.

Mr Laughren: What we are trying to get at as a committee is to what extent Wintario has fairly allocated funds and to what extent it should be taking money and putting it into hospitals. It bothers many of us a great deal that hospitals are being put in competition against recreation when recreation is supposed to be part of preventive health care.

Mrs Eason: I think the region of Peel is in somewhat of a different situation when it comes to determining that scheme of things. We are under tremendous pressure on the hospital front and we really are looking for ways to help our hospital boards out of their conundrum and we see this as a potential source for that.

Mr Laughren: I did not understand your fourth recommendation. I missed something. The fourth recommendation had to do with capital development funds.

Mrs Eason: Yes.

Mr Laughren: I did not understand that.

Mrs Eason: A separate standing committee is dealing with Bill 20 and about two weeks ago our treasurer made a presentation on that bill. Under the regulations to Bill 20, lot levies or capital development charges will be disallowed for hospitals. We have accumulated several million dollars. We are

presently holding \$14 million towards the \$51 million forecast for expenditures over the next five years for hospitals, which is just a grant from the region to the hospital boards to meet the balance of funding after provincial grants and after fund-raising.

The bill, if it goes forward and is adopted intact, within a year's time will create a situation for the region where we must remove that component from our lot levies charged to developers for building permits issued. It is going to be a major shortfall in our capital funding, and as I mentioned, we are looking for alternatives.

Mr Neumann: I was intrigued with your comments that having these funds available would encourage hospitals to go into debt. Are there times when Peel region, or the municipalities within Peel, end up in a surplus for the year because of unexpectedly higher revenues from one source or another, be it higher interest rates from investments or whatever?

Mrs Eason: Definitely, yes. In the region's history, we have never run a deficit. We have always been in either a slight, or in the last couple of years with our assessment growth, a not-so-slight surplus position.

Mr Neumann: Does this unexpected surplus encourage your departments to go into debt?

Mrs Eason: No, it does not because that surplus—

Mr Neumann: Why would it have that effect on hospitals?

Mrs Eason: From what I understand of the act and the way it is written, the lottery profits could be used as a new source of funding to fund existing hospital deficits, and therefore would not encourage management or administration at the hospitals to remove that deficit from their books, cause it to decline and disappear.

Mr Neumann: It seems to me that in the past some hospitals went into deficit because they did not take the Minister of Health seriously when he or she said, "We're not going to cover the deficit at the end of the year." I sat on a hospital board for a number of years and I know it was not taken seriously. It seems to me that whether hospitals go into debt or not relates to that more than to whether the revenues for hospitals come from the lotteries or from other sources of government revenue. Would you not agree with that?

Mrs Eason: I think I would need a little more information behind the wording that exists in the legislation. It is not clear from the wording whether it would be definitely used to fund existing deficits or to encourage hospitals to get into new programs from an operating standpoint and use that as the source of funding to encourage those new operating programs.

Mr Neumann: I was encouraged to see that you do see something positive in directing funds like this towards hospitals and health care.

Mr Reycraft: Your presentation focused on the \$500-million projected profit this year from lotteries and also the \$1.6-billion unallocated surplus. A good part of both of those numbers comes from the interprovincial lotteries. Up until 1986, it was assumed by the government, and I think by all parties in the Legislature and by most municipalities and others involved in culture and recreation in the province, that section 9 of the Ontario Lottery Corporation



Act, which required the dedication for culture, recreation, fitness and sport, only applied to the provincial games. It was interpreted that it did not apply to those interprovincial games.

I have not yet heard from anyone who was calling for a change in that interpretation. Was the interpretation, as it applied to the interprovincial games, a concern before 1986 to the region of Peel or to the Ontario Municipal Recreation Association or to others who have been deriving the benefits from lottery profits in the province? Can you tell me anything about that?

Mrs Eason: I think the short answer would be no. We have not been overly concerned with the source of the lottery funds per se. I think that will be addressed in more detail by the area municipalities, which have the responsibilities in the culture and recreation areas.

Mr Reycraft: That is interesting because I think it attaches a different kind of significance to Bill 119. I think that is a question I may ask of other groups which might be better able to respond.

Mr Faubert: First of all, I think it is an excellent presentation. I just want to get to one point, and that is the substitution.

Mr Callahan: Would you ever have doubted that, being from Peel?

Mr Faubert: Well, no. I have heard so much about it.

I guess the point that you make on capital funding, as opposed to operational funding, is an attempt to reduce the hospital demand. Obviously, the operational need is far greater than the capital need.

Mrs Eason: To put it into context, we presently have a lot levy for hospital capital funding. It is based on a very strict service level that is needed to be maintained despite our growing population. We require 2.73 beds per 1,000 people, and as we add 20,000 people per year, the existing beds are less accessible. We are trying to maintain that ratio and the injection of those multimillions of dollars is necessary just to try to keep pace so that hospital beds are as accessible as they have been in the past.

I cannot weigh the relative importance of operating versus capital. I know they are both important.

Mr Faubert: Obviously, the intent of Bill 119 is to take the surplus only after the needs are met in recreation and culture. That is the way it is worded and that is the intent of the bill. If you read the bill carefully, that is the intent of the bill and that is the intent as stated by the Treasurer (Mr R. F. Nixon).

However, that amount is really small in relation to the operational costs and deficits of the hospitals overall. So your suggestion is, rather, it would be better spent within the capital and equipment areas of hospitals. I think that is a good point to make.

Mrs Eason: If we are not to experience an immediate deterioration in hospital accessibility, yes.

1100

The Chairman: Any further comments or questions?

Mr Laughren: On a point of information: If we are going to have an intelligent discussion on this over the next couple of weeks, I want some help in interpreting the bill where it says that the needs of sports, culture and recreation must be met before any money is given to hospitals. I do not see that in here.

Mr Faubert: If you read it, that is the similar intent to the original. Do you read that within the original one?

Mr Laughren: Would you quote the part of the bill that tells me that that is a priority, that those needs will be met first?

Mr Faubert: Do you agree that that is what the original bill, the Ontario Lottery Corporation Act, says?

Mr Laughren: We are talking about Bill 119, Mr Faubert.

Mr Faubert: That is right, but if you agree that is what that says, then that is similarly worded. It says the same things.

Mr Reycraft: Is this clause-by-clause?

Mr Laughren: I wish you would point it out to me.

The Chairman: If I might interrupt, gentlemen.

Mr Faubert: "...the net profits of the corporation paid into the consolidated revenue fund in a fiscal year of Ontario and not so appropriated in the fiscal year..." You know how they are appropriated. The same would be applied to the bill.

The Chairman: Mr Faubert, perhaps I could clarify here for a moment.

Mr Faubert: Yes.

The Chairman: We are really just replacing one section of a previous bill, Mr Laughren, and I think Bill 119 has to be taken in that context. That is the point Mr Faubert is making.

Mr Laughren: But the point that needs to be clarified is where it says that culture, recreation, sports and fitness take priority over hospital funds.

Mr Cordiano: Well, there is something—

Mr Laughren: I do not see that anywhere in the bill. It is not there.

Mr Cordiano: There is a regime of priority there, if you look.

Mr Laughren: Where?

Mr Cordiano: Sure there is. There are two clauses, (a) and (b), of section 9. Those are stated—

Mr Faubert: Read (a) and (b).

Mr Cordiano: It is a question of the interpretation of that.



Mr Laughren: I have read it very carefully.

The Chairman: Gentlemen, I must interrupt again.

Mr Laughren: It is not here.

The Chairman: We are getting into a clause-by-clause sort of discussion here.

Mr Faubert: Why do you not turn it upside down?

The Chairman: I am going to rule you out of order and I am going to give John Sola the opportunity to thank our guests, because he is the other representative from the region of Peel.

Mr Callahan: I say.

Mr Sola: I would like to thank you. As my colleague the member for Brampton South (Mr Callahan) has said, it proves the quality of the people up there because I really appreciated the quality of this brief. I think it will give us some ammunition to fight the boys over there later on in clause-by-clause. Thank you very much.

Mrs Eason: That is very kind of you.

The Chairman: I would like to add my thanks for your presentation.

The Chairman: The third presentation this morning is on behalf of Sports Ontario. It will be made by Walter Heeney, the chairman, and Bill Bennett, a board member. Carry on, Walter or Bill, whichever person is going to do the presentation.

#### SPORT ONTARIO

Mr Heeney: Thank you very much for the opportunity to come before this committee. As you should be aware, Sport Ontario—I take the "s" off the original paperwork that I saw this morning—is the voice for amateur sport in Ontario.

As I say, my name is Walter Heeney and I am the recently elected chairman of Sport Ontario. My sport affiliation is with five-pin bowling. Bill Bennett is with me this morning. He is one of our board members. He is with the Ontario Ski Council. He is a gentleman of great experience in all areas of the amateur sports field and is also the chairman of the committee that was charged with the preparation of this brief. You have received a copy of it. It also shows you the number of amateur sports we represent, a number higher than 60. A brochure is included with the brief, outlining some of the advantages of belonging to Sport Ontario.

Thank you for providing Sport Ontario with the opportunity to express our concerns regarding Bill 119 to you today.

As you are aware, Sport Ontario has previously, on many occasions, expressed our concerns to each and every member of the provincial Legislature on Bill 119. We have done this through our individual provincial member organizations, through our own correspondence, through our association with the Parks and Recreation Federation of Ontario and through our alliance with other community and provincial sport, fitness, recreation, arts and cultural groups that also depend on lottery and base grant government assistance.

As this presentation is another one for the record, we will attempt to be as clear and concise as we possibly can.

The programs and services of our members, and in turn of their community-based affiliates, have in many instances not reached their goals or their potential due to a shortage of funding, and as I am sure you will agree, certainly not due to the lack of commitment on the part of our volunteers and participants across Ontario.

What has happened since 1980? The dedicated funding was there to assist with the task. The grant submissions were made and assessed. Some of the dedicated revenues were allocated and needless to say they had significant impact, but not enough of the dedicated revenues were allocated to sustain healthy growth. The problem seems to be that the assessment of the grant submissions in most cases were made after the ministry involved received its allocation of funds from Treasury.

Why were the funds dedicated to our community not always allocated? Overall, from 1975 to 1980, there were lottery revenue surpluses of \$55 million. Provincial treasurers of the day used dedicated lottery cash revenues to fund programs and services other than what they were, by legislation, dedicated and originally mandated for. They left IOUs on the consolidated revenue balance sheet that to this day have grown to over \$400 million.

A decision was made by our current Treasurer (Mr R. F. Nixon), with the support of the current majority government, to amend the Ontario Lottery Corporation Act. You will remember that the original attempt to amend the act was withdrawn as we protested and the minority government could not garner the support needed to proceed with the attempt.

If Bill 119 is passed, the following results will occur: (1) The IOU of \$400 million for all intents and purposes gets cancelled, as the previously unallocated surpluses will be eligible for allocation to a big-budget item, the operation of hospitals; (2) future designated revenues from the lotteries will now be disbursed, maybe, as there seem to be various interpretations of "dedicated" and "allocated," to assist sports, recreation, fitness, the arts, cultural groups, the Ontario Trillium Foundation and the operation of hospitals.

Our government wants us to trust that it will provide us with sufficient funding to assist sport, fitness, recreation, the arts and cultural groups. However, given that over \$400 million of assistance was withheld and is now lost, how can we be expected to believe that we will receive necessary allocations?

Yes, the dedicated lotteries have been more successful than imagined, but our services are essential. Our services and programs are essential because we are vibrant. We organize, manage, entertain and educate. We provide opportunities for youth, adults and seniors to communicate, to learn, to self-actualize, to belong and to participate. We are a volunteer and community-based service to government. We fight boredom, loneliness, drug abuse, apathy and mental and physical disease. We will allow other affiliated interest groups to present the facts and figures on the needs and accomplishments of our sector to you.

It is true that progress in some areas has been made, but we are sorry



to say that by legislation of dedicated lottery revenues there should have been more achievements.

Sport Ontario's position is that by having the Ontario Lottery Corporation Act revenues remain dedicated and allocated as originally intended, we can do a great deal more to service our and your constituents. We are not against the proper funding of the operation of hospitals. We all want the best preventive and treatment health care system available, but let's find another solution to assisting hospitals and let's not cancel the \$400 million IOU.

On behalf of our organizations, the hundreds of thousands of volunteers, coaches and officials and the millions of youth, adults and seniors who are served, we thank you for this opportunity and we wish you wisdom in your deliberations.

Mr. Reycraft: I want to go back to the question I asked the representatives from Peel. Was there concern on the part of Sport Ontario before 1986 about the interpretation that was being applied to the dedication of the profits from the interprovincial lottery games?

1110

Mr. Bennett: Not that I can personally recall. Rueben Baetz being the minister and through that whole period of time, there has been, "Why are we not able to get our grant through?" If you got to the ministerial level, "We were only given so much money." So there was only so much money given down at that level to handle the grant submissions and that type of thing, even though things were going underfunded.

At that time, there were no big charts and that sort of thing to say where these surpluses were or what happened with the surplus. We understood, certainly, the consolidated revenues. We talked to deputy ministers through that whole period of time and got to understand what a consolidated revenue was. The money went in and there were cash surpluses.

In the case of Sport Ontario and its member organizations, we are not talking about a great \$400 million that is required here. We are talking about an underfunding of probably \$3 million or \$4 million currently, at this stage of the game.

We have athletes who cannot come from Thunder Bay to provincial championships. Back in the 1970s, you used to get 75 per cent for remote areas to bring the athletes into provincial championships. Currently, that is at 25 per cent because of a shrinkage of lottery moneys coming to championship travel and an expansion of programs.

We have been tremendously hurt in our operations by this, not by the \$400 million, not by the big, but by the little bit that came out to the ministry. If you wanted to get in further past that, you understand the process. You cannot get the bureaucracy mad at you. You cannot get the minister too mad at you. You cannot jump over people. You must try to work through, and there was not enough there.

It is very difficult for us to look at these figures now. I cannot tell you how to fund hospitals. I can tell you how to fund sport and I can tell you

that you are underfunding sport to the tune of \$3 million or \$4 million, and all this money was there and dedicated for that.

When we agreed originally to support the legislation, we really did not want to get into getting sport and recreation funded by lotteries. We had been warned, the same as California had been warned not to fund its educational system by lotteries. You have been warned not to fund your health care system with lotteries, with some of the problems that can get you into. But we said, "We have to take this avenue because we cannot get enough base grant funding, so we will have to go along with this." Then we went along with it and still did not get sufficient revenues to carry on our operations and our growth.

Mr Reycraft: I accept your view that you consider sports generally in the province to be underfunded at the present time, but if we look at the whole area of recreation and culture across the three ministries that deliver those services to people in the province, directly or indirectly, the average increase in provincial support for those programs has been 9.6 per cent over the last five years. Do you not think that in the kind of economy we have had over the past five years, that kind of increased support is reasonable?

Mr Heeney: But just at the same time, the 9.6 per cent is only allowing us to keep pace today. We have the programs that are not being funded. That is part of the reason why we are hurting. Sport is hurting. One sport could ask for \$400,000 to fund some programs and only get \$250,000. To raise the \$250,000 by 9.6 per cent only keeps pace. It is the \$150,000 you have lost that kills the game. That is what cancels the programs, whether it is youth or seniors or whatever. Somebody is going to suffer and we are suffering right now.

Mr Reycraft: Certainly, I agree that it is impossible to increase funding to everything by 9.6 per cent if you are going to expand the base of programs you are supporting at the same time. I do not think anybody here would argue that there needs to be a general increase in support so that we maintain support at least in real dollar terms. At the same time, we would all agree that there is a need to expand support into areas that have not received that before, so that is why 9.6 per cent does not ultimately result in a 9.6 per cent increase for specific areas, perhaps like some ones you are representing.

Mr Bennett: There has been in sport and recreation a tremendous growth at the same time. To give you an example, right now we are into a whole risk management game that is being put on us a great deal by the bureaucracy of the provincial government, saying that we have to do a great deal more in risk management and site inspections and these types of things, at a large cost. We went through the insurance crisis and that type of thing. As we expand service and as things get more sophisticated, there tend to be a great deal more costs related to things.

Truthfully, what really has happened from 1980 through to now is that volunteers are becoming frustrated and are just walking away. They cannot find the solutions. Then there are not enough salaries in there, so paid staff turn away and go to other fields. The whole sport and recreation movement at provincial levels is in some type of jeopardy here.

I think you have a dilemma, certainly, with the lotteries and these types of things. We have a dilemma with funding. If you change the bill,



somebody please come up and tell us, where are we going to get this funding from? Where is the help going to come from in the partnership with government?

I understand there are no guarantees. The situation we got into was that there was not enough money in the ministry, even though we had backed the support of a lottery that was supposed to have dedicated revenues come out to that ministry for us. Only a certain percentage came out. We understand consolidated revenue and the cash surpluses. The moneys were not there; they were used, the cash, so it could not get out to the ministry. So when the grant submissions went in, even though they were valid, they could not get approved.

We did make this case once very successfully to Claude Bennett when he became the Minister of Industry and Tourism for a short period of time. He put in a quick fix to solve some quick problems with the Best Ever program on the sports centre and then there was a change of government. There have been some changes in ministers there and some changes in deputy ministers over that period of time and we have not been able to find some solutions. That is not your real problem here, but that is our problem to deal with. Then when we come to Bill 119, we say: "Oh, boy, look out. They could take all the money into the operation of hospitals."

Mr Reyecraft: Is your real concern then the future level of provincial support for sports or is it the use of lottery funds for hospitals?

Mr Bennett: Our real concern is the future of sports and recreation and the funding of that. Certainly that is our concern. Jeez, I do not think too many people who receive the money care whether it comes from lottery funds or tax-based revenue or whatever. If you want, get rid of dedicated in the lottery. Take it right out and just use it as another form of taxation, because in all truth, that is what has happened in the thing anyway. The money was able to be borrowed from the fund or will-be-available fund.

Mr Laughren: I think you have captured the essence very well, both of the bill and the dilemma of lottery funds and surpluses.

Is there any consultation? Sport Ontario is an umbrella organization, right? I looked at this amazingly comprehensive list of organizations that belong to Sport Ontario. Has there ever been a way in which the ministry goes to Sport Ontario and says: "Look, here is how much money we are going to make available to sports in Ontario from lottery funds. Let's sit down and see how we will do it"?

I think an analogy—it may sound weird to begin with—is the allocation of moose tags for moose hunting. The Northern Ontario Tourist Outfitters Association was fighting with the ministry for ever on who got the tags and how many tags and all that. It was totally—

The Chairman: Mr Laughren, they are not picking you up on the microphone.

Mr Laughren: Maybe that is just as well, given the analogy.

1120

The Chairman: Should I clarify that we are talking about moose tags?

Mr Laughren: Moose tags, yes.

They said to NOTOA, "Look, you guys, we will give you a total number of tags and you allocate them." It was a very clever way of the ministry saying to the umbrella group: "Look, we don't know the priorities. You guys know the priorities." As a matter of fact, it took a lot of heat off the Ministry of Natural Resources at the same time. Was there any consultation with Sport Ontario about the total dollars that go to the organizations under your umbrella?

Mr Bennett: No, not with Sport Ontario. It is done on an individual basis with each provincial sport organization, going through its consultant and up the line that way, through the bureaucracy.

The most successful group now, and that is why we are members of the Parks and Recreation Federation of Ontario and that type of thing, has been for a discussion group with the minister and the deputy minister. The situation arising there is that the mandates of all those different groups are not always the same. Understand that there is the municipal recreation component and the provincial sport organization component. Some people are very interested in capital. Provincial sport associations are not really interested in capital. We leave it up to universities and communities to build facilities and that type of thing. We are more into the programming areas, the high-performance and the general-level participations.

The really difficult thing is that even though we can get up to the minister, to that level, in the past he has been the type of individual who has had to deal with what he has been given. I understand that. A few times we were able to get around that system or to have enough influence, but we are not great trained lobbyists here. We are sports administrators.

Mr Laughren: I think you do pretty well.

Mr Bennett: You get blocked there. If you get blocked with changes of ministers and deputy ministers, it creates a very frustrating situation for us all.

There are some easy solutions to our problem. There are not easy solutions to your problem of what to do with the lottery, but to ours, certainly there are easy solutions. We have already written all the members of Parliament and that type of thing. We are here, for the record, to ask, what is the intent of raising this money? It is to help us. Well, it is not getting to us in sufficient capacity to help. If anything, the sports system in this province is in trouble because we are close, at the volunteer control organization levels, to deficits and losing volunteers, and something must be done about that. I am not talking about throwing money at the wall.

Mr Laughren: Right.

Mr Heeney: One analogy that is made is that the pie is only so big. That sports pie keeps getting cut up in so many more pieces. Just in the last few weeks we have recognized six more sports, so they are going to take a



piece of this pie again. It can only go so many ways. We have to make the pie bigger.

Mr Laughren: I was truly concerned about your comment about the drop in support for smaller and more isolated communities. I represent an area that is in the north and I know that is a problem.

Mr Bennett: You understand air fares from Thunder Bay to Toronto.

Mr Laughren: Yes.

Mr Bennett: I will tell you that another big thing we are facing is this goods and services tax, because we are a purchaser of services.

Mr Callahan: We are against that.

Mr Bennett: I understand, but this is going to increase the cost to the sport associations to the tune of \$2 million in an annual operation.

Mr Laughren: Thank you.

The Chairman: Is yours a supplementary, Mr Reycraft? Mr Callahan has a question.

Mr Reycraft: It is a supplementary and I will be very quick. It is a supplementary to one of my questions.

I was just looking at the current estimate for the Ministry of Tourism and Recreation, and it shows grants to provincial sport organizations at \$7,884,200. Can you tell me how that \$7.8 million compares to last year, the year before and the year before that? Has the level of support in that particular area, where I assume your funding comes from, been flat or has it been increasing or decreasing?

Mr Bennett: I would think it would be relatively flat. I am not sure what that would be. Are we talking base grant money there or lottery grant money?

Mr Reycraft: The estimates of the ministry do not specify which expenditures come from lotteries.

Mr Bennett: I am not sure either, so I really could not answer it for you. There is transfer payment money that is put out to the provincial sport associations. There is also transfer payment money put out to the sports centre and then that money is used to do other things.

If you are familiar with direct operating expenses, and I guess you are, the DOE money within the ministry and transfer payment money that would go out, I would try to take a look at that whole thing. If there has been expansion sometimes into the ministry, sometimes there is an expansion of the DOE side to expand the bureaucracy of the government, as opposed to our side. Other times they are recognizing—I think you will find that over the last three to four years there have been 20 new associations or new groups that are now receiving funding in the sport fitness recreation area that were not funded before.

Mr Callahan: I want to go back to a point you made. I do not want to misquote you. I gather you said that your group would prefer to see the money

from lotteries just simply go into the consolidated revenue fund with no tags attached at all; am I correct?

Mr Bennett: I think it was a personal comment, it has not gone through the group. The group's position was there as saying, "Don't change Bill 119." I do not think they care whether it comes from tax base or whatever. If we are into a real problem—the Conservative government at that time said, "We're going to have dedicated and we're not going to change dedicated." I think it is probably a selling feature to say that your profits are going to be going to certain things.

If it went where they were not dedicated, just under consolidated revenue, I do not know whether that would effect ticket sales or not. I doubt it. Make it a form of taxation or something, as long as the assistance funds come.

The real problem we get into now is we must submit some forms this way towards base and we submit other forms and they say we might get it from lotteries. Then there is not enough in base or there is not enough in lotteries. You do not know where it is coming from and all of a sudden we are walking into a deficit on a certain type of program.

In my history of this thing, and this has gone from 1975 on, there never has been this communication of knowing how much you could get. You would get into a season—and I understand estimates. We do not get approvals—even though we submit in January, we currently are still receiving approvals on this year's operations. We are into programs halfway into a year and you are not sure where you are.

Mr Callahan: Hopefully we are speeding up that process. The estimates within the Legislature are a lengthy and somewhat boring process, like watching paint dry.

The reason I ask you that question is because the original bill, Bill 38, proposed by the Treasurer back in 1986 or certainly before the 1987 election, did exactly that. It was an amendment to strike out the words "to be available for the promotion and development of physical fitness," etc. I know in my own community one very aggressive guy, who I have great respect for, just about tried to lynch me because he saw it going back into the pot.

In essence, leaving aside the suggestion that is made by your group and also by other groups that the pre 1 April 1988 moneys have a trust imposed on them, if you read section 9, I agree with my colleague Mr Faubert, who was here before, that it does not change what was in section 9 of Bill 344, except that what it says is if there is anything left over it goes to the hospitals.

It actually puts you, in my humble opinion, in exactly the same position you were in prior to this amendment being brought into place. It does two things. The Trillium Foundation gets legalization because the Trillium Foundation actually arose as a result of charities getting into the lottery business and as a deal the charities were guaranteed \$15 million or something and they got out of it. That money never had any legal foundation. So the Ontario Trillium section is required for that. But the other one is identical.

If you read simply clause 9(a), you would have exactly what you had before. Clause 9(b), as I have explained, is necessary to legalize it. The balance of it simply says that if there is any surplus, that goes into the operation of hospitals. There was an interesting wrinkle from Peel, I thought,



in talking about the question of operation versus capital. That is a very interesting point.

1130

It still goes back to the same process as before; the same process the other governments had to go through, where ministers would come in and try to appropriate X number of dollars for their particular bailiwick, and out of that came your funding for the various sports programs. As I say, with the exception of that so-called trust of moneys in there now, whether it be \$4 million or \$1.6 billion, depending on how you interpret it, you are really in no different position than before. In fact, it is better perhaps than Bill 38, albeit, Bill, you say you would prefer to see all those words taken out and simply have it go into the consolidated revenue fund and everybody battles for it. It is still the same situation.

Ministers are going to have to look to get their share of the pie and from that share of the pie they get, that will be the money they will have available to accede to or deny requests, be it for sports, culture and recreation or any other program; health, whatever. It does not change it that much.

Dealing with the so-called trust fund, the government of the day used very interesting words. They used the words "to be available." I could tell you or someone could tell you that they would be available, but that does not necessarily mean that they will be there for you as a trust. It just means it is available. All of the money in the consolidated revenue fund is available to be available, but it is to be available to the normal budgetary process that reflects the particular needs of the people in Ontario and the way you satisfy them.

I wanted to clarify that if you were saying that we take out those words. That is in fact what Bill 38 did and that was withdrawn. I do not think it was withdrawn because of a minority situation. It was withdrawn—

Mr Laughren: No; it was.

Mr Callahan: I do not know. It may have been because it was not called, but you may be quite right, Floyd. It may have been withdrawn for that reason, but I think now that we are not moving it any further ahead. It is not saying that a guaranteed amount will go to the hospitals.

But just for second, if you wanted a guaranteed amount, would you be satisfied if, for instance, you got one third? Let's say that lottery profits fell off; you would also be subject to that decrease in the lottery profits if you took a third.

Mr Bennett: The Parks and Recreation Federation of Ontario position and some other groups in recreation are into this third thing.

Mr Callahan: Yes.

Mr Bennett: We are not into this third thing. Even though we are a member of those organizations, we did not walk in here and ask them and put down this third, because I do not know—a third of what? Right? I have no idea. A third of what?

Mr Callahan: That is right.

Mr Bennett: What I am saying to you is: If you are going to pass the bill, you are going to pass it. I understand. You have a majority government. We are still into a situation, though, where the sport community that I am aware of, that is the provincial sport association community—I am not a municipal recreationist—is not getting sufficient funding. Our people believed that there was a lottery that was going to give them sufficient funding and this lottery was making money and all these types of things and they cannot understand it. They have hired people as executive directors and they have told them to go get it and they cannot go get it; they fire them and try to get somebody else. That is not where the problem is. The problem is on the allocation side to the minister. That is what has to be the message to anybody: this is a chance to do it here.

Mr Callahan: I think you have put it well.

The Chairman: I think you have put your point very well and I think this would be a good time to thank you very much for coming. One clarification, just in case Hansard was misled by your calling this Bill 344, it is actually chapter 344, the Ontario Lottery Corporation Act. When we are talking about section 9—

Mr Callahan: All right. What is the bill number, just for—

Mr Reycraft: Revised Statutes of Ontario.

The Chairman: Yes, RSO, but Ontario Lottery Corporation Act is the title of it.

Mr Callahan: Okay.

The Chairman: I would like to thank you very much for coming, gentlemen.

Mr Heeney: Okay. Mr Chairman and members of the committee, thank you very much.

The Chairman: The fourth presenter for this morning, Ray Armstrong, the managing director of the Toronto Symphony Orchestra, called in to indicate that there is illness there. They would like to reschedule if a slot comes open in the program at a later date. Because of their absence, we will be adjourning now until two o'clock this afternoon, unless there is some further comment by any member of the committee. We are adjourned then until two o'clock this afternoon.

The committee recessed at 1136.





CA20N  
XC16  
-G24

STANDING COMMITTEE ON GENERAL GOVERNMENT

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

WEDNESDAY 13 SEPTEMBER 1989

Afternoon Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)  
VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)  
Bryden, Marion (Beaches-Woodbine NDP)  
Callahan, Robert V. (Brampton South L)  
Charlton, Brian A. (Hamilton Mountain NDP)  
Cordiano, Joseph (Lawrence L)  
Cureatz, Sam L. (Durham East PC)  
Fleet, David (High Park-Swansea L)  
McLean, Allan K. (Simcoe East PC)  
Ruprecht, Tony (Parkdale L)  
Sola, John (Mississauga East L)

Substitutions:

Carrothers, Douglas A. (Oakville South L) for Mr Elliot  
Laughren, Floyd (Nickel Belt NDP) for Mr Charlton  
Reycraft, Douglas R. (Middlesex L) for Mr Ruprecht

Clerk: Carrozza, Franco

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From Buddies in Bad Times Theatre:  
Gilbert, Sky, Artistic Director

From the Ontario Crafts Council:  
Parsons, Alison, Associate Director

From the Théâtre Français de Toronto:  
Van Burek, John, Artistic Director

From the Danny Grossman Dance Company:  
Smith, Cheryl, Director of Marketing and Touring

From Theatre Direct Canada:  
Serran, Susan, Artistic Producer  
McKeehan, Catherine, Interim General Manager

From the Metropolitan Toronto Reference Library:  
Ridout, John S., Chairman

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Wednesday 13 September 1989

The committee resumed at 1408 in room 151.

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989  
(continued)

Consideration of Bill 119, An Act to amend the Ontario Lottery Corporation Act.

The Chairman: The chairman recognizes a quorum. I would like to ask Sky Gilbert, the artistic director of Buddies in Bad Times Theatre, to approach the presenter area.

Before you begin, Sky, I would like to indicate again for the record that I ran into Mr Cureatz of the third party at lunch and he apparently has two committees that are meeting today, the other one being the select committee on energy, I believe, and he had to be there and the other committee member from the third party, Al McLean, is at a funeral today, so they asked me to point out their absence each half-day today.

If you would like to begin, we would appreciate it.

BUDDIES IN BAD TIMES THEATRE

Mr Gilbert: All right. I just have a very short piece I would like to say.

Last week I turned on the TV and tuned in to Adrienne Clarkson's Summer Festival. Lo and behold, there was Prince Charles taking us on a tour of the crumbling homes of England.

It was the Prince's venture into architectural theory and for a while I was both bored and entertained. There was something about the spectacle of Prince Charles standing in some elderly lady's bathroom inquiring, "Do you have everything you need here?" and pointing piercingly at the toilet that tickled my funny bone.

Then at the end of the show the Prince began talking about the importance of art in our lives and I suddenly was fascinated. Amidst images of children drawing and painting in elementary school, Prince Charles ruminated on the importance of teaching young children about art and about the human spirit. I will admit I was surprised to hear something quite so profound come from the mouth of the monarchy, but after pondering it for a while, it all made sense.

Think about it. The British empire has crumbled to some extent, we must all admit, and Britain for many years has been in a state of economic and social turmoil, as I think we are all aware. But what, during these ever-changing and crisis-ridden times, does the next King of England choose to discuss? Art and the human spirit.

I am sure that Prince Charles and myself are both also concerned about poverty, hunger, the housing crisis and the threat of imminent nuclear



holocaust, but we, the King and I, also both realize that humans are spiritual beings and that the spirit must be nurtured, encouraged and expressed. In years past, the church was the centre of our spiritual selves. In modern days, whatever one's religious views may be, one must admit that the church as an institution has lost some of its moral and spiritual authority. People are turning to art for the nourishment of the spirit.

The nourishment of the spirit and art are not a luxury. They are not things that one indulges in only when one is rich and has some extra money or when one is not doing something else. They are essentials. We are human, spiritual beings and we must nourish the spirit at the same time as we feed, clothe, house and fix the body.

We in the gay community have learned the same lesson about gay liberation in the days of acquired immune deficiency syndrome. Yes, we must heal the sick but we must at the same time continue to take pride and nourish and explore inside our gay souls. In money-hungry yuppie Toronto, in puritan workaholic Ontario, the spirit is too often cast aside for the immediate goal of the physical.

Ontario's artists and arts organizations barely survive, as it is. The Ontario Arts Council desperately needs money to complete its five-year plan. I know that in my community, the theatre community, theatres are dying. Bill 119 betrays not only Ontario's artists, but Ontario's spirit. Make no mistake about it—the cultural renaissance which we have seen in the last 10 years will quite simply die without the money we have been promised, at the least the interest on the \$400 million in accumulated lottery money.

It would be simplistic to suggest that we cannot heal the body unless we heal the spirit, but what Bill 119 proposes, and what will solve nothing, is to heal the broken leg by cutting out the heart. Surely that is not the answer.

Mr Laughren: I liked your brief and may I share your surprise at profundity coming from the monarchy.

Mr Gilbert: I was quite surprised when I watched the show. He seemed to spend a lot of time talking about the importance of art, going to schools and saying he felt that schoolchildren should be taught art and that it should not be the first thing to go off the curriculum, which I thought was extremely interesting. It would be a very similar argument to what is happening here. It would be, "The child has to learn how to do math; he or she has to learn how to keep physically fit," but in fact he said: "No, this is important. The child has to learn how to grow spiritually." I feel that this is one very important reason.

Were you going to ask me something?

Mr Laughren: I think what is bothering a lot of the groups that come before us and some of the members on the committee, too, is that just as you compare the art to the heart, many of us compare culture and recreation to preventive medicine. We see that as being an integral part of the whole wellbeing of a society. I am wondering to what extent you have been in touch with the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario. Are you a member of the alliance?

Mr Gilbert: Yes, I am a member of the board.

Mr Laughren: Okay, so you are very much aware and plugged into it.

Mr Gilbert: I know very much about it and I think we are very concerned. When I said theatres are dying, I was speaking mainly of Black Theatre Canada and Toronto Workshop Productions, which are two very important theatres which folded in the past couple of years. We have felt that this has had a lot to do with the fact that there just has not been the funding for them to keep going. The major change that I have noticed and that I think is very symbolic is that they are not doing workshops of plays that are not going to be produced.

In other words, in the 1970s we had a wonderful flowering, and you have heard of people like Judith Thompson or David French. Suddenly Toronto and Canada had a playwriting culture in the 1970s. They had wonderful grants at that time and a great flowering, and there was the kind of thing then when workshops and dealers were called "factories," and the spirit was one of working constantly, not necessarily towards a product, but just working, and lots of products came.

Now, if you want to get a workshop, you have to have a production in mind, because the theatres do not have enough money just to do research. What I am saying is that when we talk about "preventive," just in terms of the health of the theatre scene, we do not see the results now, because the Judith Thompsons and all those people are still there. But in the next 20 years, if this research money is not there, then those people will not develop. There will be no place for them to develop and the cultural scene will just be much less interesting. It will not be there, eventually. In this, of course, I talk about why I think that cultural scene is important.

In a way, I think we kind of take it for granted right now because we have wonderful things like the opera and we have the theatre scene happening and we think they have always been healthy. But it has only been in the last 20 years that Toronto or Canada has really developed its own artistic voice, very much so because of the funds that have been available for nonprofit organizations to develop and do research without a lot of pressure to come up with a product, but just to work.

Mr Laughren: In conclusion, I think that what has groups so nervous is that any time you say that this money will be spent either on culture and recreation or on hospitals—the wording is a little different from that, but that is what the bill says, that money must be spent either on hospitals or on culture, recreation, sports and fitness—that is a pretty ominous opponent you have there.

Mr Gilbert: That is a horrible juxtaposition and it is like fighting motherhood. One could not possibly be against hospitals and not want hospitals to have money, but on the other hand, we feel there is a very serious problem. So much activity has just been frozen and we, as artists, realize that the Ontario Arts Council is doing its best but it just does not have the money to give to many arts groups. It is a situation where new theatre companies go.

My company and many companies started around the late 1970s when there was sort of a second renaissance of Toronto theatre. The new companies that go to the Ontario Arts Council now are very severely discouraged from starting. They say: "We just do not have any room for new companies. We do not have any more money." That is a very bad situation.

Mr Laughren: I think that the alliance has done a very good job in getting its membership together and coming out with basically a standard position so that everybody is not coming up with a different suggestion. Then



they can be played off against one another.

Mr Gilbert: No. We are all very much together on this. We very strongly feel it would all be better for us. Theatres like Toronto Workshop Productions, which is a space that is just sitting there and needs to be saved—at the moment we are actually fighting developers. We are in Toronto now. It is hard to find theatre space because the developers are just hovering over all of the land, so it gets to be an even harder fight in this town.

Mr Laughren: Mr Chairman, I received a letter today from the alliance taking me to task for something I said Monday.

I had said that I could see why it would not be difficult to guarantee a minimum of a third of lottery profits to culture and recreation and so forth but that I thought it would be more difficult to take the \$400 million, or whatever number you want to use, the profits that have accumulated over the years and have been put into the consolidated revenue fund. It would be more difficult to get the government to do that.

They have let me know that they think I am wrong—and I think they are right, that I was wrong—and that they would not need to put the \$400 million on. The government would simply have to designate the equivalent interest on that. You can do anything by legislation. Look what they are doing here; they have legalized theft retroactively. I had better be careful of my language here.

1420

Mr Callahan: I thought that was why you were being taken to task.

Mr Faubert: It probably has a PS on it.

Mr Laughren: No. They could deem that the \$40 million could be assigned every year as though it was interest on that money set aside. So I think the alliance is correct and is quite appropriate for taking me to task for thinking that the task was too difficult when it really is not. Thank you for your presentation.

The Chairman: I would like to recognize Mr Cureatz for a comment or a question, if he so desires. I apologize to the folks that at the beginning of the session I indicated that you had a double committee assignment today and explained your absence. I would like everybody to know you are really here and we are going about that.

Mr Cureatz: I do apologize to the committee for that. I was sitting on the select committee on energy and unfortunately came halfway through the presentation, so I feel ill-equipped in terms of pursuing those areas of interest with the present witness.

The Chairman: There being no further questions or comments, thank you very much, Sky, we appreciate your coming.

Our second presentation this afternoon is by the Ontario Crafts Council. Alison Parsons, the associate director, will make that presentation.

#### ONTARIO CRAFTS COUNCIL

Ms Parsons: I was put in mind during the remarks of my predecessor

here of military medical practice in the field, the practice of triage, if we are talking about relative social goods, where you are put in the position of saving those who are the most healthy. I guess I hope that our situation here in Ontario is not so dire that we are forced to make only the hard choices but that we still have a little flexibility left and can address various kinds of social goods.

I actually delivered a letter last week to all of you. I came into this process very late, I am afraid. I am going to read that letter, with a couple of corrections, in a few moments, but I thought I would spend the first part of my time playing the numbers game a little bit.

The Ontario Crafts Council is a membership organization. We have about 4,000 members, most of whom are practising craftspeople. As part of our membership we also have more than 100 guilds and educational institutions, community colleges mostly. We count among our aggregate membership about 10,000 individuals.

The guilds across the province break down in several ways. There are guilds which represent all the visual arts in a community, there are guilds that represent a particular discipline in a community and there are those that represent a particular discipline across the province.

Of the first that I mentioned, guilds that represent all, some are: Visual Arts Mississauga, the Northwest Association for Community Crafts in Thunder Bay, the Ingersoll Creative Arts Centre, Haliburton Highlands Guild of Fine Arts and the Visual Arts Centre of Newcastle. They are spread all over the province. Practically every city and certainly very many small towns have guilds set aside for the visual arts.

Those that represent larger numbers of craftspeople tend to be provincial organizations. The Ontario Handweavers and Spinners has more than 2,000 members. The Ontario Hooking Craft Guild has more than 2,000 members.

The Ontario Wood Carvers Association is interesting. It is a good case in point for arguing the growth of leisure-time activities in the province. A few years ago, I would say 10 years ago, I do not know how many there were but I would say that there were not more than a couple of dozen wood carvers and there certainly was no association for them. The last time I counted, which was about a year ago, the Ontario Wood Carvers Association had 600 members, but across the province all their associate members amount again to over 2,000 individuals, and that one is growing incrementally. It is amazing what happens with them.

It happens that particular guild represents mostly people who are involved in leisure-time activity. There are quite a few retired policeman; they are mostly male, they are mostly retired in that particular guild. But also there are a great many professional craftspeople who earn their full-time living from the production of handcrafted objects who are members of associations that serve them very well. The Metal Arts Guild (Ontario) is a case in point; most of them are jewellers, and most of them earning their living full-time at making jewellery.

The Artists In Stained Glass is another, mostly working through architectural commissions; it is a relatively small guild but a mostly professional guild.

The Canadian Bookbinders and Book Artists Guild represents another facet



of craft in Ontario or in the world, if you like, in that it is the sole protector, in a way, of skills that we all depend on very much. Books in libraries around the world are in crisis and are being lost through acidification. It is only the conservers and book preservers who are able to help us with that, and there are very few schools and in Canada no schools that teach this particular craft. It is up to a guild like this particular guild to take on the task, which they do, of seeing that there are people trained in book conservation.

All of these are members of the Ontario Crafts Council. The Ontario Crafts Council itself is an organization which has programs involving exhibitions. We have the largest library for craft in the country. We publish a very good magazine and a newsletter. The magazine comes out four times and the letter eight times a year. As well, there is a practising touring exhibit program.

Now I would like to move on and read the letter. I am sure that most of you have read it, but I will repeat it.

We received in 1988 a \$2.2-million community facilities improvement grant from the Ministry of Citizenship and Culture. This was to assist us in a \$7.3 million program in creating a new facility on McCaul Street for the Ontario Crafts Council, which will open on 3 December; I hope some of you will be there.

In the past we have received funds for the refurbishment of our former headquarters on Dundas Street as well as for computers and display materials for our exhibitions. It has helped us with conferences and with travel, and at least three of our affiliated guilds have received computers.

The Ontario Handweavers and Spinners and the Metal Arts Guild are two that we know have become more efficiently running organizations due to the contributions they have received through lottery funds. The Ontario Handweavers and Spinners have had looms courtesy of the portable equipment category.

Government funds, in particular those provided through lotteries, have assisted significant numbers of Ontario craftspeople, and I have tried to indicate what those numbers are.

The needs to which the OCC responds are growing. An increasing number of craftspeople are employed full-time in their fields. There is a dearth, in fact, of craftspeople in a way for the number of people who would like to sell those crafts. There are good craft stores in Toronto and all across the province looking for work from craftspeople and the numbers of craftspeople are growing but so is the interest in craft and so are those who want to use the products of their efforts.

Corporations, schools and the general public want access to crafts. We find this through our resource centre. We run a corporate gift program. We have teachers coming in and architects and designers constantly looking for examples of handcrafted work. The number of people involved in craft as a leisure activity, I have said here, is ever larger and the wood carvers are an example of that.

The Ontario Crafts Council, although 75 per cent self-sustaining, depends on government funds to respond to a great variety of the needs of its constituencies. Besides the necessity of meeting current demands, both capital

and operating, the council is entering a new phase in its five-year planning cycle, for which significantly expanded programming is anticipated. We have moved into a building that expands our space about four times what it was, and I just can only imagine that our programming is going to expand as well to fill in that space.

It is certain the OCC's ability to provide these services to its public and to act on their behalf will continue to depend on the generosity of government funding. Therefore, a primary concern of the OCC is that the government of Ontario make a firm commitment to regular funding for the arts. Since lottery funds can form a part of that commitment, the Ontario Crafts Council supports the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario in their position—the two points which you have referred to already—that the accumulated profits be set aside as a trust fund and that a third of ongoing annual profits be set aside for these purposes.

1430

Mr Cureatz: There are a number of organizations that you actually represent through the Ontario Crafts Council, but you were getting into specifics about metal arts and stained glass. Can you give me a better idea about those kinds of varied groups?

Ms Parsons: How they function?

Mr Cureatz: Not so much how they function, but categorizing them.

Ms Parsons: Who they are?

Mr Cureatz: That is right.

Ms Parsons: The Metal Arts Guild mainly represents jewellers, as I said before. It also represents those people who make hollowware—liturgical vessels, for instance. There is at least one knifemaker who is a member of the Metal Arts Guild. There are people who are blacksmiths, doing cast iron and filigree work, who are part of the Metal Arts Guild.

Artists in Stained Glass are those people who do mostly stained glass windows. As I said, they are architectural; they do them in domestic settings. People hire them on a commission basis to work in their homes, or often they do churches and major institutional things.

Mr Cureatz: I did not realize that they would belong to the Ontario Crafts Council.

Ms Parsons: They do. They are a member organization of ours. Most of those people are individual members of ours as well. Their association is a member of ours, and they as individuals are also members of ours.

In the capital campaign that we have been involved in, this \$7-million project, we set aside two per cent of that budget for the new building for works of art. We have a dozen projects in the new building, including a 30-foot boardroom table, two pieces of stained glass and desks. Even the hand washbasins are made by a porcelain artist, Harlan House.

Mr Cureatz: I am trying to get a handle on the number of people who would be represented.



Ms Parsons: The figure we use, and it is a very loose one, is 10,000. Just within our own membership, there are 4,000 individual members. Of the approximately 100 guilds, if I go through my files—I am also manager of extension services, and they give me their memberships lists—if I count those membership lists, it is easy to get to 10,000. With the wood carvers, weavers and hookers, there are 6,000 right there.

Mr Cureatz: That is the number I was looking for. Then speaking on behalf of all those people, do you feel very comfortable that the concerns you have reflected in your letter to the committee certainly would reflect a good majority of those people you represent?

Ms Parsons: They might think I have not reflected them adequately, but I do not think they would think that I had misrepresented them. I think they would agree that their activities are primary.

Mr Cureatz: So of those approximately 10,000 individuals belonging to the Ontario Crafts Council, do you feel there is an uncomfortable assessment of what this proposed legislation is going to do?

Ms Parsons: Yes. Certainly among the major guilds with whom we are involved and who sit on a particular committee with us, I think I could say that very surely. I think any of the others who were properly aware of it would be. I cannot say that 10,000 people are particularly aware of this issue; so in that sense, I do not think I am representing them as a direct call from 10,000.

Mr Cureatz: What I am trying to get across to my Liberal colleagues is that you as one individual appearing before this committee and representing the crafts council, notwithstanding the specific position you hold, might appear not to be representative of a very large group; but in fact, if we had all 10,000 people outside the Legislative Building with signs indicating their opposition to Bill 119, that would probably have a substantial impact. I am sure some of my Liberal colleagues would then reflect upon the final decision that is to be made on Bill 119.

Ms Parsons: I think that states it very nicely. I am pleased with that.

Mr Cureatz: Oddly enough, I am used to doing this.

Ms Parsons: Of course, it is distributed all across the province, in every community.

Mr Cureatz: The parliamentary assistant, who at the moment is not available—we have nothing but the highest respect for him—has indicated that they would be pursuing the possibility of amendments with the Liberals' own critic and the New Democratic Party critic of the bill. Would you like to see those amendments when they are introduced and give some consideration to reappearing to reflect your thoughts and concerns on such amendments if they come forward?

Ms Parsons: I would be very pleased to do so.

The Chairman: Any further questions or comments? In the absence of other persons' questions, maybe I could have the luxury of one. I have not had any time to ask anything myself up to this point in time.

I am very interested in the level of funding for these areas being put in place so that the communities involved understand, not just on an annual basis but into the future, what sort of expectation might be there. Because of my experience in the field, one thing I have always been very uncomfortable with is that somehow tying the funding into the lotteries in any way makes it rather nebulous.

Ms Parsons: I think my letter suggests that we understand that perspective. I think the Ontario Crafts Council would like to see a firm commitment of funding of some kind on a permanent basis for the arts. In that lottery funds have to date represented a substantial commitment, we certainly endorse the continuation of having lottery funds designated that way. Of course, we are not averse to having the ministry set aside funds in another manner. We would like to see money committed in an open way to the mental and spiritual health of Ontarians in this fashion.

The Chairman: Before my days as a political person, I was one of the proponents of all these funds going into the consolidated revenue fund with no strings attached. I argued it from the other way, both as a member of the Ontario Municipal Recreation Association board and as the president of an arts society, that what we really needed was a specific indication that we needed certain amounts of money to enhance this whole significant area of our heritage and our culture too.

We just got some statistics here at noon to show that as the lotteries begin, they tend to come on, peak, and then the revenues dip. The kinds of things involved here really cause me a great deal of concern.

The bottom line in all this is that if the Treasurer were to ensure or guarantee a certain level of funding, it would be a breakthrough, because the government does not do that in any other area.

Ms Parsons: That is right.

The Chairman: What I am counselling my colleagues to think about, as the chairman—because I have to be neutral in all this—

Ms Parsons: That was pretty neutral.

The Chairman: —is that maybe what we need is some very great creativity here in how we could get the assurances in place, perhaps put the lottery funds into the consolidated revenue fund and satisfy everybody in a happy way.

Ms Parsons: I think "assurances in place" are the operative words.

The Chairman: I filled in there to give you a chance to comment, Mr Laughren.

Mr Laughren: I just think we should be clear that there are organizations that get some pretty solid guarantees of funding, such as our educational institutions. They know the base level they are going to get; they are not going to fall below that. I do not think it is quite fair to say that nobody else gets guarantees of funding when other organizations do.

The Chairman: This is exactly the point I was really looking at. I think those are not guarantees; they are assurances. They can be met, and



sometimes they are not. The other field I did work in for 30 years is education, and often what you call a guarantee and I call an assurance really translated into the fact that you did not get as much money as the guarantee really said. So you have to be very careful in the wording there.

Mr Callahan, I guess I interjected Mr Laughren ahead of you.

Mr Callahan: That is all right. He is a nice guy.

Although this is an Ontario group, I am wondering if you are familiar with how groups are funded outside of Ontario, in other provinces.

Ms Parsons: Through their provincial governments?

Mr Callahan: Yes.

Ms Parsons: No, I do not know. I am sorry.

Mr Callahan: I wanted to know if they had any guarantee.

Ms Parsons: I do not know whether they have guarantees. There are provincial associations in each province and there also is a federal association.

Mr Callahan: I had to nip out while you were doing your presentation, but I gather you probably were suggesting that there be an earmark of a minimum of a third.

Ms Parsons: Yes.

Mr Callahan: I am going to ask you the same question I have asked other groups. Lotteries, like bingos, are overly successful; but if you were to be guaranteed a minimum of a third—in other words, if there were limits or parameters put on what you could get—would you not see that as a danger if the lottery boom died?

Ms Parsons: Yes.

Mr Callahan: I can see the two sides you are approaching. The first side is that, of course, no one trusts any government of whatever stripe, because he figures he may not get it in the bad times. On the other side of the coin, if you require a designated amount, you do put yourself in a very difficult position if that happens.

Ms Parsons: I think that what we are supporting here are both suggestions that the alliance is bringing forth, one being the one third and the other being that the funds that are in reserve should be set aside with the interest made available.

The other thing I said is that we would like to see the government of Ontario have a solid policy for ongoing funding of the arts. I do not see the lotteries as being the be-all and end-all of providing funding for the arts. I am merely saying that we endorse the position of the alliance as it has been stated.

Mr Callahan: Did you, or perhaps your predecessor in this group, ever make any submissions to the former government when it used those neat political words "to be available"?

Ms Parsons: I cannot tell you that. I would have to go and ask.

Mr Callahan: As you know, you would have to go a long way to read into the wording of the former section 9 some sort of trust. All they said was, "All the money goes into the consolidated revenue fund to be available." If that is a commitment, it was certainly a very minor one.

Mr Laughren: You are certainly changing that, are you not?

Mr Callahan: I was curious to know whether there had been any representations made at that time.

Mr Laughren: You are making fun of it and then not changing it. How does that make any sense?

Mr Callahan: We are actually changing it. If you read it with a fair eye, you will see that.

The Chairman: Alison, did you get the gist of that question before the interruption?

Ms Parsons: I think so. I know that I was not around the last time. Whether somebody from my organization was, I do not know. I would have to ask them. I will do that.

Mr Fleet: I am finding that the whole area we are looking at this week is filled with great inconsistency. We have a bill that does not create a trust but which by all accounts was sold to arts groups, cultural groups and sports groups as if it was a trust. It was sold as if it was something which, on the face of it, it is not. I will not go through all the history, but other committee members are familiar with it.

We have a problem where the accounting process leaves something to be desired. When the government introduces a bill to correct that, it is criticized, and even harsher language is used, which I find somewhat incomprehensible on the face of it.

We have groups coming forward, like your own, saying, "We really want to have a secure level, a secure base," which I can understand, but at the same time, you want to attach yourself to something that is inherently insecure, which is the level of funds created by lotteries each year. I just find the whole thing a little mysterious.

Ms Parsons: I do not think it is inconsistent. It has something to do with diversity being the means of survival. We do not lay all our trust in the lottery funds, but if they are there and they are being divvied up, then we think culture and recreation should continue to have a share of those funds.

Mr Fleet: This is the problem I have if I go beyond looking at just this year's consideration. If you have a situation where you as a group are reliant, or the field is reliant on a percentage from the lotteries and the lottery proceeds drop off drastically, is it not fair to assume that the stance that will be quickly and uniformly adopted is: "Oh, my, that's clearly insufficient and inadequate. You can't pay attention to that. You all knew it was going to change, Now let's ignore going after that one third and let's go to something else," which is another way of saying, "Let's go to the other tax



dollars," an argument, I might add, that I would rather expect to see. It would be understandable if it were to come forward.

Ms Parsons: I think I have made that argument. I have said that we are not reliant on lottery funds. I have said that we are partially reliant on lottery funds and that as long as they are there, then we would like to be partially reliant on them. We would certainly like to see more firm funding provided for the cultural sector. As I have said, the Ontario Crafts Council itself is 75 per cent self-funded from its own programs.

Mr Fleet: But then the relationship to one third of lottery funds is surely irrelevant to that.

Ms Parsons: Why?

Mr Fleet: Because you can either get it or not get it, whether you have one third of the lottery funds or not.

Ms Parsons: I am not going to fall apart over the numbers, but I am certainly willing to endorse the alliance's recommendation of one third.

Mr Laughren: Mr Fleet has treated me with his questioning. I wonder whether or not the witness would agree that I see the dilemma the same way she does. If you reduce the level of funding from lotteries, which this bill allows to happen—it says culture and recreation, sports and fitness and hospitals will get lottery funds—if you reduce the proportion to the arts coming from lotteries, it means that you must then, if you are going to maintain any kind of base, increase the amount coming from the general taxation of the province, the consolidated revenue fund.

What makes me nervous about that is that it is very difficult to start competing within the consolidated revenue fund where you have all the movers and shakers in the province from all the different ministries, not just one or two, and therefore I think the cultural groups have very good reason to be nervous about a reduction, if there is one; I am not saying it is built into the bill. But if there were a reduction in the amount of money coming from lotteries, it would make it even more difficult for the cultural organizations to get money from whatever ministry. That is what bothers me.

Ms Parsons: In a sense, then, if the arts have a lot to fear from seeking all their funds from consolidated funds, then the lottery funds become a microcosm of that. Indeed, if the health services encroach on cultural and recreation funding within the lotteries, then it puts that fund in the same situation as the larger one. We will always lose, as we said before, at least in the motherhood argument of which good is better in societal terms.

The Chairman: Mr Cureatz, a brief one.

Mr Cureatz: A brief one? I have got down here the next presentation is at 3 o'clock. That still gives me eight minutes. I have been waiting very patiently for the last two and a half days and I have restrained myself immensely, Mr Chairman—

Mr Cordiano: We have appreciated that.

Mr Cureatz: —especially since the last cabinet shuffle and with the Premier's new band of waifs who will go forward on to the horizon next

election, which is I am sure is intimidating us in opposition immensely, so that we will not be able to put a dent in their armour.

The Chairman: My apologies.

Ms Parsons: Every forum is an opportunity.

Interjections.

Mr Cureatz: Mr Callahan, who unfortunately is not here, brought to the attention of the witness the former legislation that was brought forward. I have to say to Mr Fleet that it is one thing for interpretation of the legislation, but as he well knows, it is another thing for the instruction or the following through of the legislation, notwithstanding what is in words; what actually has taken place.

Of course, there has been great glee over on that side in terms of what the great Conservative government did in years gone by, and far be it from me to defend those people.

Mr Fleet: Quite impossible.

1450

Mr Cureatz: It is asking you to defend the indefensible and I owe them nothing particularly, because I cannot remember what they did for me. If they remind me that they did something, then I will defend them, but I will say this for them: Obviously, the way they had carried out the legislation was in such a manner that a kind of implied trust took place so that the various cultural and athletic groups were feeling half comfortable that what was intended in the legislation was being implemented.

I do not recall at all various groups staging huge protests in terms of the legislation and what should or should not be altered. I do recall, through my constituency office, many groups approaching me so that I might give them some assistance in terms of their application. Now, we have well seen various groups come forward over the past few days, and will for days to come, no doubt, reiterating the same kinds of concerns about what will be made available to them in a specific amount of money.

After that little talk, I want to ask the witness this: The one question I have not asked any of the groups has been about the one-third allocation. If the parliamentary assistant, now that he is here, will bring forward amended legislation, this particular witness has indicated that she would be most excited to come back to us to examine the proposed amendments that would be coming forward from you. Within your groups, would there be a fight over the one third? Have you thought about that?

All the groups that have appeared before us, and I can go over the list just to date—Sport Ontario, the Toronto Symphony Orchestra, the Ontario Municipal Recreation Association—are pretty well saying the same thing, but do you think there is going to be a squabble there after the allocation? Let's say you do get your one third.

Ms Parsons: Yes.

Mr Cureatz: All right. Then there is somebody in charge of divvying



up the one third. Are we going to be hearing from all these various groups, "I'm not getting my fair share of the third?"

Ms Parsons: Oh, we do that all the time anyway.

Mr Cureatz: Oh, you do. So we should expect that?

Ms Parsons: Sure. We all apply for funding through the regular processes and I imagine we would continue to do that. I think often we feel we have not received our due, or some of our members feel they have not received their due, so yes, I would expect that.

Mr Cureatz: Okay; that is fair. You are saying to be prepared that that will happen.

The Chairman: Thank you very much. We appreciated your presentation. I am glad I asked the question. It sort of got a few more for you.

Ms Parsons: Yes, it was sort of fun to be the vehicle for parliamentary parry and thrust there for a while.

Mr Callahan: Those are their names, Parry and Thrust.

The Chairman: Our third presentation is by John Van Burek, the artistic director of Théâtre Français, and I believe he plans to do his presentation in French.

M. Van Burek: Oui.

The Chairman: This is why you have these. I believe the channel is number 1.

Mr Callahan: Are we asking our questions in French?

M. Van Burek: Comme vous le voulez. Tout le monde est prêt?

### THÉÂTRE FRANÇAIS DE TORONTO

M. Van Burek: Je vous remercie, Monsieur le Président, et vous, les membres du Comité permanent des affaires gouvernementales, de me donner l'occasion de vous parler cet après-midi. Premièrement, avant de commencer, je présume que vous avez tous vu cet article qui a paru à la première page du journal The Star hier, qui est excellent, d'ailleurs, et qui traite justement du grand problème du financement des arts au Canada en ce moment. Cet article s'adresse surtout au gouvernement fédéral mais je pense qu'il y a une leçon à tirer pour nous tous là-dedans.

Je ne sais pas si ce que j'ai à vous dire sera nouveau après tout ce que vous avez déjà entendu et je vois, en consultant l'agenda, qu'il y a encore beaucoup de groupes à venir mais, comme je vais vous parler en français, au moins cela aura un autre son de cloche — mais peut-être que non, puisque vous m'avez en traduction. J'espère aussi pouvoir attirer votre attention sur certains aspects de cette question, des aspects qui sont uniques à la population franco-ontarienne.

Je suis le directeur artistique du Théâtre Français de Toronto. Nous représentons le plus grand théâtre francophone hors Québec et desservons tout le Sud-Ouest de la province, de Penetanguishene et Peterborough jusqu'à Port

Colborne et London. Environ 35 000 spectateurs par année viennent nous voir à Toronto et en tournée provinciale. Nous avons passé les deux dernières années à Harbourfront, mais des problèmes financiers majeurs qui se sont manifestés cet été nous ont forcés à déménager. Maintenant, nous sommes locataires au Canadian Stage Company sur la rue Berkeley.

Ces problèmes financiers dont je vous parle ont failli couler le théâtre et on n'est pas encore tiré d'affaire. Cet après-midi, je ne parlerai pas seulement du Théâtre Français de Toronto mais aussi au nom des cinq autres théâtres francophones de l'Ontario : il s'agit, en plus de ma compagnie, du Théâtre Trillium, d'La Vieille 17, du Théâtre des Lutins et du Vox Théâtre, tous situés à Ottawa, ainsi que du Théâtre du Nouvel-Ontario à Sudbury. C'est cette dernière compagnie qui a créé la pièce, *Le Chien*, de Jean-Marc Dalpé, et M. Dalpé est le premier Franco-Ontarien à gagner le Prix du gouverneur général — il l'a gagné cette année — et évidemment nous sommes tous très fiers de lui.

En 1987 et 1988, 180 000 spectateurs ont vu des productions de ces six compagnies francophones de l'Ontario. Le total de leur budget représente plus de 2 225 000 \$ par an. Si on estime que 60 pour cent de ces budgets représente des subventions, ce qui est la norme, cela veut dire une dépense publique de 16 cents par personne pour les théâtres francophones de l'Ontario et ceci, en supposant une population d'environ huit millions de personnes.

Ces 16 cents se partagent entre le gouvernement fédéral, le gouvernement provincial et les municipalités. Là-dessus, j'aimerais attirer votre attention sur deux points : Premièrement, à cause de la langue, le théâtre, étant le principal véhicule culturel pour les Franco-Ontariens, est donc d'une importance primaire ; deuxièmement, les dépenses provinciales, dans le secteur de la santé, sont de 1300 \$ par personne.

Sur six compagnies théâtrales de langue française en Ontario, il n'y en a qu'une seule, et c'est le Théâtre du Nouvel-Ontario à Sudbury, qui a sa propre maison à lui. Afin de maintenir cette maison, tous les employés du TNO sont, la moitié de l'année, en chômage. Les autres théâtres, en partie à cause du manque de stabilité qu'endure le personnel, sont presque tous sur le point de fermer leurs portes. Sur le même plan, la crise qu'a connue le Théâtre Français dernièrement est directement liée à ce problème de maison.

Les fonds de la loterie existent spécifiquement pour régler, entre autre, ce genre de problème, mais depuis des années on nous dit qu'il n'y a pas assez d'argent en banque. Pourtant, près de 400 000 000 \$ sont destinés à la culture et aux loisirs, mais nous n'en avons jamais vu la couleur et maintenant on veut distribuer ces fonds aux hôpitaux.

Nous nous trouvons dans une situation où nous nous voyons obligés d'argumenter contre destiner des sommes d'argent aux hôpitaux, position peu enviable. Tout de même, ce projet de loi me paraît non seulement discutable sur le plan moral, mais je pense qu'il nous oblige tous à nous poser de sérieuses questions sur nos priorités. Si on considère l'état pitoyable de la santé d'un si grand nombre de Canadiens, de gens qui fument et qui boivent trop, qui mangent mal et qui ne font que peu d'exercices et qui, inévitablement, remplissent nos hôpitaux, on peut bien se demander s'il n'y a pas de changements fondamentaux à faire sur le plan culturel de la société. Est-ce que nous avons en place un système de soins médicaux, ou un monstre qui engouffre toutes nos ressources en nous faisant de fausses promesses d'immortalité, si on voudrait bien lui donner juste un peu plus ?



1500

Vous avez déjà entendu des commentaires concernant la pénurie des fonds destinés à la culture en général, eh bien, pour la culture francophone ce problème est encore plus aigu. Premièrement, nous essayons de survivre dans un océan anglophone, et je crois qu'il n'y a que les plus réfractaires qui ne pensent pas que le Canada ait besoin du français pour survivre. Eparpillés partout en Ontario, nous représentons une communauté qui trop souvent glisse sur la pente de l'assimilation et qui est traditionnellement silencieuse. Surtout, c'est une communauté qui ne dispose pas des mêmes ressources financières que la communauté anglophone. Aujourd'hui, toutes les compagnies culturelles et de loisirs sont appelées à trouver plus d'argent dans le secteur privé. L'intérêt et la générosité de ce secteur sont largement gouvernés par un esprit de marketing et non de philanthropie ce qui fait, automatiquement, que la culture est perdante, surtout la culture francophone.

Encore une fois, les revenus des loteries, légalement destinés au soutien de la culture et des loisirs, sont plus importants que jamais si nous allons préserver ce qui est essentiel à la vie de notre communauté. Ces fonds constituent une source d'argent non seulement essentielle pour la culture et les loisirs, mais aussi une source mal exploitée et carrément détournée de sa destination dûment constituée. Cette perte, ce que propose le projet de loi 119, serait une perte terrible pour tous les Ontariens et peut-être encore plus pour les francophones.

Justement, à ce titre-là, je ne peux pas passer sous silence une autre considération majeure à l'égard de ces profits de loterie. Pour les Ontariens d'origine française, anglaise, italienne, chinoise ou autre, nous vivons dans un climat qui est presque hostile à l'idée d'un Canada tel que nous l'avons toujours connu. Avec, en tête de file, ces deux chevaux de bataille, le libre-échange et l'accord du Lac Meech, nous assistons à l'affaiblissement, sinon à la défaite de l'identité nationale.

En ce moment, la culture canadienne a besoin de tout l'appui qu'elle peut trouver. Beaucoup de gens parlent aujourd'hui de la <culture globale> qui se développe autour de nous, mais nous savons tous ce que cela veut dire : C'est un concept qui n'intéresse que celui qui est, ou qui veut être, du côté des plus forts. Si Shakespeare ou Molière, eux, avaient eu à écrire pour la <culture globale> de leur époque, ils auraient écrit en italien. C'est vrai que nous sommes réalistes, comme Bob Johnston l'a si bien dit avant-hier, par rapport au sort de ces profits accumulés des loteries, mais d'autre part, on devrait presque parler, me semble-t-il, de l'utilisation complète des revenus de loteries pour sauvegarder et renforcer l'ensemble de notre système de culture et de loisirs. Chose certaine, ces fonds sont indispensables à la culture, dans le sens le plus large du terme, et sont un encouragement, par rapport à l'<entertainment> qui est à la base de cette <culture globale>.

D'ailleurs, je ne me gênerai pas ici pour faire quelques jugements de valeur. La <culture globale>, aujourd'hui, prône l'idée que les solutions aux problèmes se trouvent dans l'action sinon dans la violence, mais rarement dans la réflexion ou dans le dialogue. Cette culture est anticulturelle et quand nous faisons face aujourd'hui aux problèmes de la drogue, de l'analphabétisme et de la dégradation de nos valeurs comme peuple canadien, il ne faut surtout pas enlever les ressources précieuses à un des secteurs les plus aptes à faire une contribution réelle à la qualité de la vie en général, et c'est précisément de cela qu'il est question ici, puisque la culture et les loisirs

sont, plus que tout, les secteurs qui se chargent de veiller à la qualité de notre vie commune.

En terminant, je dois dire que, depuis le début de ce débat, j'entends un refrain constant : que le projet de loi 119 n'enlèvera rien au secteur de la culture et des loisirs, mais ceci n'est pas tout à fait vrai. Si on engage quelqu'un et que l'on lui dit qu'il va gagner 100 \$ par semaine mais que, pendant des années, on lui retient 40 \$ pour finalement lui dire que son salaire n'est que de 60 \$, il faut être pas mal cynique pour dire au pauvre diable qu'il ne perd rien. Il aurait quand même droit à ses arrérages, surtout quand il s'agit d'un salaire de base aussi pathétique. Et que l'on ne se trompe pas : Le salaire accordé aux arts et aux loisirs est minime comparé au potentiel et à la valeur réelle de leur contribution à la société ; une société qui sait se détendre et qui est bien nourrie culturellement aura peut-être même moins besoin de médecins.

The Chairman: Thank you very much, John. Are there questions or comments?

Mr Van Burek: I will entertain questions in either language.

Mr Laughren: Thank you for your presentation. I particularly appreciate your comment about the French language in a sea of English, or words to that effect. I represent an area that has a great many francophones in it and I am interested in knowing to what extent French-language activities that are not purely cultural get Wintario or lottery funding. For example, are there organizations that are sports but francophone? I do not mean francophone sports but that everybody involved in it is francophone and so the milieu is maintained for the French culture and language and so forth. I wonder whether you know anything about that. I know you are more involved with the theatre, but I wonder if you have any feel for how French-language activities besides the theatre are funded through lotteries.

Mr Van Burek: I do not have a very good answer for you on that. I know that obviously there are funds available for community organizations of any stripe. As I said, it is essentially through something like theatre that the French culture and language are protected. I know that, for instance, in almost any Ontario community, the members of a hockey team, even if there is a predominance of francophones on the team, are all going to be speaking English. It is all part of what I am talking about, the sea of English.

On the other hand, I am sure there are funds available, but I do not have statistics on the loisirs side of the question. It is one of the unfortunate things about this that there is a great separation between us, although there should not be. But I know that there are lots of French organizations that are culturally oriented that do get funding.

One of the things that has been very difficult for all of us in the arts is to know exactly where the Wintario funds were being used. There was so little clear accountability for that, because most of the money came through the Ministry of Culture and Communications. It used to be the Ministry of Culture and Recreation. It has gone through many metamorphoses. It has always been very hard for us to know exactly what the real source of some of the money was; a lot of it, in fact.

Mr Laughren: If it makes you feel any better, it has been difficult for all of us to get a proper breakdown over the years of lottery spending.



Mr Van Burek: Yes, I know.

Mr Laughren: There needs to be a better accounting done—I know this is off this bill really, Mr Chairman—of exactly where all the funding goes, broken down into categories that mean something to people. I think that is something we have to pursue, separate from the bill.

Mr Van Burek: I think you are right. It has been very difficult for everyone.

Mr Laughren: Thank you.

The Chairman: Since this is the first time you have ever diverged from Bill 119, we will accept it at this time. Mr Reycraft.

Mr Reycraft: Thank you for your presentation this afternoon. If I might, just to Mr Laughren, because I do not want to leave the impression that there is no method of accounting for this, the mechanism certainly already exists, and it is there in two different ways. The standing committee on government agencies has an opportunity at any time to review the affairs of the Ontario Lottery Corp.

Mr Laughren: It should not have to review it. It should be there.

Mr Reycraft: I realize that would only address the allocation of funds from the corporation to the consolidated revenue fund.

The other and, I think, more complicated issue Mr Laughren is addressing is the allocation of funds by the various ministries and which ones of those are lotteries, etc. Again, that sort of thing can be reviewed. The estimates process that has been in place around here allows for the examination of both revenues and expenditures and can be easily obtained.

Mr Laughren: It should not have to be. It should be given automatically. That is silly.

Mr Reycraft: I want to ask John a question similar to one I presented this morning. Since governments got into the lottery business in the mid-1970s, governments have, from year to year, appropriated the amount they thought was fair and proper to various ministries that deliver cultural and recreational programs. Without regard to past or projected lottery revenues, they have made an allocation through various ministries.

Government funding to those ministries has really come from two sources since the mid-1970s, one from lottery profits and the other from tax revenues. What I want to know is: Is your concern about the fact that some lottery profits might be used for hospitals, or is it about the amount of government funding from both sources that is made available to cultural and recreational programs?

1510

Mr Van Burek: Probably both, because God knows we have been arguing for a long time, like every constituency, I guess. But the cultural constituency in the province is perhaps in a better position to argue that the funding is not adequate for the needs of the province. I am talking about tax base dollars. The funding that comes through the Ontario Arts Council, because that is where most of us get our funding, is not adequate. I do not think that

any of us have any real qualms at this point about where that funding would come from. I am well aware of the dangers that have been voiced even since I arrived this afternoon and I have heard this argument for a long time and there is a lot to be said for it: that lottery funds do fluctuate.

On the other hand, I think we all have to live with fluctuations, anyway. God knows that the funding from the private sector fluctuates. The economic climate and the political climate have a lot to do with what we can get from the private sector. It is not at all easy. Sometimes things are easier than they are at other moments. On the whole it is not easy, but they go up and down.

Funding basically continues to go up, but even that is a disputable point, because it may go up from one source—for instance, the provincial government may increase a grant to a company—whereas the federal government, Canada Council, will freeze it. There are lots of players involved here. The city and Metropolitan Toronto vary a bit as well.

Whether or not this money is coming from a tax base or from a nontaxable source like lotteries, I think that if we could get assurances that the total amount of funding for the arts would be increased and solidified, that would be a very big step in favour of support for the arts. I think the thinking of most people in the arts is that the lottery money is a way of topping up funding for the arts. I do not think any of us would expect that or want that to be the basis or the foundation upon which cultural funding is built. I do not know if that answers your question.

Mr Reycraft: Yes, it does.

Mr McLean, a member of this committee who is unfortunately not here this afternoon, indicated yesterday that, in his opinion, if the government wanted to provide lottery revenues for hospitals, a better way to do it would be to have a specific lottery for hospitals so that people would know when they were buying the tickets what the profits were going to be used for. Would you have any opinion on that proposal?

Mr Van Burek: I would be reluctant to agree with that argument, because once specific lotteries take on titles, they become like votes. This is not to flatter you people, but I almost think that it is better to have a governing body make some decisions and to have some people in positions who are in a real position to weigh the pros and cons of certain arguments and make decisions rather than have decisions like that being made on the street when you are standing in front of a stand: Am I going to buy for hospitals or am I going to buy for culture? In any case, I think culture would really be the loser. I am definitely against the idea.

Mr Laughren: The more you think about it.

Mr Van Burek: The more I think about it, yes. Let's just call it a hockey lottery or something and then actually just send it over to the arts.

Mr Reycraft: Your rationale, I guess, for not supporting Mr McLean's recommendation is pretty much the rationale that is applied by the government now in the annual budget process. It makes the decision, as you have suggested, on what money should be allocated to what particular area without regard to where its money came from.



Mr Van Burek: Yes.

Mr Faubert: Thank you for your presentation. Your last observation was a very interesting one that was made by other groups. Indeed, I believe Mr Caplan made it very articulately yesterday in his defence of the arts, saying that for some reason when governments distribute funds in order of priority, arts are at the bottom. He also gave an interesting reason for it, in that it is usually experimental, usually abstract, something that is—In my experience, and I have sat on municipal councils and on Metropolitan council and have distributed moneys and grants within the field of arts and recreation, is it not because of its nature? It is difficult to defend from a political viewpoint great amounts of funding into the arts. Your observation is interesting. You said if it were between hospitals and arts, the arts would lose.

Mr Van Burek: That is right.

Mr Faubert: Could you comment on that?

Mr Van Burek: I think it is because it is difficult to defend. The arts are always an abstraction in peoples' minds, and for many people they are almost unknown or even dangerous territory. It is something that I guess we expect there has to be a certain degree of leadership on, and somebody sort of has to bite the bullet on it and lead decisions being made in favour of the arts.

Those of us in the arts world are always making the argument of the much broader-reaching value of the arts in society, and I think it is something we have to keep saying over and over again; that is life, I guess. But I think it is an argument we would also expect our politicians to make to their constituents, that they remind people as well, because if it down to a popularity contest, it is sure that something that is fun right now is going to be a lot more appealing than something that may be very dry and abstract like the arts, whatever they may be.

A lack of understanding in our society of what the arts are all about is symptomatic of a lot of the problems that we have in education, with drugs and all sorts of things. It is a known fact that one of the biggest problems with drugs is that so many kids cannot even read; you give them information about the dangers of drugs and they cannot even read it.

These things are so closely tied together that I think we have to have a strong sense of leadership on the value of the most fundamental notion of what culture is.

Mr Faubert: That is why you, as have other groups, articulated your concern that you would not only be competing for these dollars with recreation but also with the hospitals, and that it will be an unequal fight. Is that your concern?

Mr Van Burek: I think so, because hospitals are sexier, in the first place. There is something very concrete and material about them all; and of course, the idea that, "My God, if I have a heart attack, I want to be sure there is a machine there that's going to pump things into me." Ironically, hospitals take care of curing people, whereas something like culture really is more on a preventive level of health. I am using the term "culture" in a very broad sense, there is no doubt about that, but it is true. People who feel

good spend less time being sick, I think; people who are happy about themselves and know how to deal with the society they live in.

Mr Faubert: Would it surprise you to learn that the government does not see it as competition, that this bill before you is not a competition between the arts for the dollar?

Mr Laughren: Of course it is.

Mr Faubert: Mr Laughren, it is not. It lays it out so that the priorities are fairly well set out in the bill that is before you, Bill 119, and it is not putting you into competition.

Mr Van Burek: There is an interesting thing I have discovered about the bill. The funding we traditionally have gotten from lottery funds has been for projects only; they are for one-time-only projects, so that no one is going to depend on them. But to my knowledge, the planned use of the funds for hospitals that will come from lotteries is for the ongoing operation of hospitals. I find this an inconsistency, in a sense, because that means that hospitals are going to be tied to an ongoing source of revenue that may change. Also, we are being asked to limit our use of these funds to one-time-only projects, whereas a lot of people in the arts feel there is a desperate need for basic ongoing funding to keep companies going. I think a lot of people will be very appreciative if at least the lottery funds available to the arts would also be available for operations. It could be channelled to the Ontario Arts Council.

1520

Mr Faubert: That, I believe, is one of the points that is in the new report the Ontario Arts Council has put forward.

Mr Van Burek: Yes. It is the Ontario Arts Council that takes care of the ongoing operational funding to the arts. It has always been very difficult for arts organizations to be hopping from one project to the next, because it almost obliges companies to create something that is going to self-destruct at the end of the year. There is an enormous amount of work that goes into something, knowing you are going to have to pull the plug on it. Sometimes we wind up turning ourselves into pretzels just to work around this concept.

Mr Faubert: Thank you. I appreciate your comments.

Mr Sola: En français?

Mr Cureatz: No, not in French. I will leave that to my colleague Don Cousens. With only six minutes left until the next presentation—

Mr Van Burek: I am missing something, obviously.

Mr Callahan: He is the in-house minister of le Français.

Mr Cureatz: —and I guess I am the last questioner.

The Chairman: I do have one more person on my list, Mr Cureatz.

Mr Callahan: That is all right: He is flying.



Mr Cureatz: That is right. I want to begin by saying, for all the people who are at home having their fourth cup of coffee watching this at 3:30 in the afternoon, one involved in the parliamentary process has to feel great remorse for the parliamentary assistant to the Treasurer, Mr Reycraft, who, I might add to all the people in his particular riding, he is actually quite a wonderful person. The point is, though, that he has been hoodwinked, and I cannot believe he is just sitting there mildly defending the Treasurer at great length the way he does. It baffles my imagination.

I want to explain to him that if he wants to make it back into cabinet, in which he held that lofty position as whip, and within our caucus we had nothing but the highest respect for you: we always felt there would be a compromise, although we know the difficulty we had from the opposition from time to time. I can say without equivocation that I was heartstruck when you were dumped. I am sure you got paid more as a whip than you do as a parliamentary assistant, and here you are, defending this bill. I cannot believe it. You should be doing something of importance. Throw passion to the wind and at least bring forward the fact that you are going to bring forward some amendments to the legislation, ahead of some of the groups that are coming forward, so we can all review the proposed amendments, as my colleague Mr McLean had indicated the other day.

You sat there in London and took the flak on Sunday shopping. You did not travel the province with us, but you were there in London. One day, that was enough. We had everyone there, the bishops, the big Loblaws owners, and everybody yapping and screaming, and you toed the old party line. Where has it got you? Back down being parliamentary assistant.

Do you know what has happened, all you Liberals, if you listen to the news? All the big grocery chains are now demanding of the municipalities to open up on Sundays. You guys are not going to be here next time. All the people back home, we have a pile of Liberals here, but it was they who passed Sunday shopping and now they are annoying a heck of a lot of cultural groups across Ontario. We are seeing them in front of this committee.

I want to ask the witness, this wonderful government is proposing Cleantario. You indicated to the parliamentary assistant, when he mentioned inquiries my colleague had made about a about a specific lottery—What would you think about a specific lottery called Cleantario? Do you think it should be a separate lottery, so we would be buying tickets and the money that is accumulated would go after environmental problems, or should Cleantario be part of all the lotteries under this legislation?

Mr Van Burek: I would think they should be part of all the lotteries.

Mr Cureatz: They should be part of all the lotteries? That means, if they are part of all the lotteries, that Cleantario would probably have to take its particular cut from the amount of moneys that have been collected. If it takes its particular cut, do you think—it is a leading question, obviously—you are going to be left with any more or any less money?

Mr Van Burek: It is very hard to answer that. I think a lot of it depends on how the lotteries are promoted. If there is a strong promotion to the effect that lottery funds are going to things like the environment, culture and to sports and fitness, this could increase lottery revenues a great deal.

Mr Cureatz: But once the revenues have been accumulated, then they are dividing up the funds to the various groups. We did not have Cleantario before; we are probably going to have Cleantario. So we have the three designated groups in what is proposed in the legislation—the Ontario Trillium Foundation, hospitals, the arts and culture section—and now we are going to have Cleantario. So we had three groups and now we are going to have four groups, the way I look at it. Now, instead of looking for a third, you will be looking for a fourth. That is how I would interpret that.

Would you feel more comfortable to return in front of the committee when the parliamentary assistant finally brings forward proposed amendments, which he indicated will be coming forward next Tuesday, if I remember, so that you might have the opportunity of reviewing the amendments to see if they meet some of the concerns you have indicated?

Mr Van Burek: Yes, I would be very happy to see the amendments.

The Chairman: I think we should correct the record on that last one. I do not think we have ever heard in this committee that there was a planned day like Tuesday for any amendments to come forth.

Mr Cureatz: It was talked about.

The Chairman: I will ask the parliamentary assistant. I think we should clarify that.

Mr Reycraft: I have not indicated to the committee or to members privately that we would be bringing amendments forward on any particular day. Indeed, I do not think I had a chance before to indicate we would be bringing forward any amendments at all. I have heard from some of the opposition members that they are going to have amendments to the bill. I am certainly interested in seeing those and perhaps they would like to get those forward so that the committee can examine them as soon as possible.

I could indicate that it has been drawn to our attention that we will require at least one amendment to the bill as it now stands. When the bill was introduced, which was during the fiscal year 1988-89, it dealt with the unallocated surplus up to 31 March 1988. By the time the bill, in whatever form it is, gets third reading, we will of course be well into the fiscal year 1989-90 and there is a need to update the bill by changing that date in section 2 of the bill.

But at this point in time we are certainly interested in hearing what witnesses who appear before the committee have to say. We are interested in their opinions not only on the use of lottery funds for hospitals and the overall government funding for cultural and recreational programs, but we are interested in the answers to questions such as Mr Cureatz has asked this afternoon about how Cleantario should be dealt with. We are interested in responses to Mr McLean's suggestion that we should have a separate lottery for hospital purposes. We are going to listen to the reactions to all those proposals and when the public hearings are over, we will decide what amendments, if any, are appropriate.

The Chairman: We have about two to three minutes. Mr Callahan, and Mr Fleet has a question, as well.

Mr Callahan: You know—



The Chairman: Did you hear the part that Mr Fleet has a question too?

Mr Callahan: He wants to say something en français, just to show that he can speak French.

As I view it, the concern you have is that the past government, now the third party, treated the arts, culture and sports very shabbily. Would you not agree? That is how that big surplus that everybody talks about got built up; it was pre-1985.

Interjection.

Mr Callahan: I am just trying to set the stage and get the facts straight here.

So they reneged, really. That is what happened. Because of that, groups such as yours and others that have been coming before us quite obviously are saying, "If they reneged, maybe this government will renege too." That is why you want some specific fraction or percentage of future lottery profits.

Between 1985 and today, as I understand it from listening to the parliamentary assistant, the grants have been somewhere in the neighbourhood of 9.6 per cent, which is certainly twice inflation. Can I conclude from this that from 1985 to date, the present government has demonstrated a good deal of good faith and generosity, at least to this point anyway.

Mr Van Burek: Yes, to a certain extent, I would say that the present government has been—sorry to say this to you—better with respect to the arts than the previous government.

Mr Callahan: I do not want to put down their government too much and I have only a minute to do it.

Mr Van Burek: I would also add that I think there really can be a lot more done.

1530

Mr Callahan: Sure, and I am sure the concerns still exist among all these groups. I do not think there is a person on this committee or in the Legislature who would disagree that arts, culture, recreation and sports are absolutely essential to putting flesh on the bones of this province, but having a third is a double-edged sword. If the Legislature sets a third and the lottery profits get smaller, then a government—our government, or if the third party should happen to get back into power, God forbid—

The Chairman: Mr Callahan, you are going to have to wind it up.

Mr Callahan: —okay—might try to restrict you within the framework of that legislative conundrum you have got yourself in. It is choosing between the lesser of two evils: the danger, on the one hand, of a government retreating back to the pre-1985 position or carrying out the 1985 to 1987 position or getting yourself caught in that one third where the funds could dry up.

Mr Van Burek: I would not suspect they would dry up. They could shrink, it is true, but I would come back to what I said earlier in answer to Mr Reycraft. I think if the lottery funds are there to sort of top up what is

a strong base funding—and that base funding has to be increased in the first place—I think all of us are prepared to live with the risk, because one third is certainly a better deal than we have seen in the past and I think we would be prepared to live with the danger of it going down. We also live with the possibility of its going up in absolute dollars.

As I mentioned earlier, I believe much of it has to do with the commitment to the lotteries: how they are in fact sold, how much they are pushed. Some of us, and I am sure some of you people as well, have always had mixed feelings about lotteries. It is almost like sin money in a way, but they are there, definitely. They are not going to go away.

Mr Callahan: I am still waiting for my numbers to come up.

The Chairman: Can we allow Mr Fleet to ask his very brief question?

M. Fleet : Merci. C'est la première fois que je parle français dans l'Assemblée législative. Je dois parler français avec des mots simples parce que je suis encore un étudiant débutant et je pense que, pour la première fois, c'est une bonne occasion pour moi que de parler français. Dans un sens, vous êtes pour moi un professeur.

M. Van Burek : Ah bon.

M. Fleet : En ce qui me concerne, le sens que prend le développement de la culture française en Ontario est très important. Je pense que votre présentation est une occasion pour les membres du comité et pour le public de comprendre que les problèmes de la société ne sont pas seulement des problèmes qui concernent les projets de lois, mais ce sont des problèmes pour la société en général.

Je pense que le gouvernement et les groupes de la société essaient de comprendre ces problèmes et moi et les autres députés, nous devons relever le défi pour le développement de votre culture à la télévision, à la radio, au théâtre et dans les autres secteurs. Je sais que les autres députés de mon parti et les membres du comité connaissent ce concept : Certaines personnes ne parlent pas français mais le concept de tolérance est le concept-clé pour moi. Je pense que le développement est possible avec l'élément de tolérance de la part de la population et du gouvernement. Je pense que les allocations aux affaires culturelles, aux francophones et aux autres minorités de l'Ontario sont très importantes.

M. Van Burek : Oui. Merci beaucoup et mes félicitations.

M. Callahan : Bon, bon, très bon.

The Chairman: Thank you very much. I add my thanks for your coming before the committee as well, John. We appreciate the presentation a great deal.

Our fourth presentation of the afternoon will be by Cheryl Smith, touring and marketing person for the Danny Grossman Dance Company. Cheryl, we are starting at 3:35 and now that we have gone from a surplus of time to a deficit of time, I am going to have to remind everybody that we have agreed that 30 minutes would be the time frame. You may use all or any part of that for your presentation.



Mr Cureatz: I will behave.

The Chairman: The time remaining will be used for questions or comments.

Ms Smith: That is fine. You might even catch up.

The Chairman: Thank you very much.

#### DANNY GROSSMAN DANCE COMPANY

Ms Smith: I would like to thank you for the opportunity to make a submission to you on the subject of Bill 119. I am the director of marketing and touring for the Danny Grossman Dance Company, a professional contemporary dance company based in Toronto. We are also members of the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario.

For those of you who may be less familiar with the company, it was founded 15 years ago by Danny Grossman and a group of supporters. Today the company consists of 10 dancers who perform works choreographed by Mr Grossman. The company performs regularly throughout Canada and has been acclaimed internationally on tours to Europe, the United States, South America and the Middle East.

Mr Grossman has won several prestigious awards for choreography and many of his works are now in the repertoires of other companies such as the National Ballet of Canada, the Paris Opera Ballet, les Grands Ballets Canadiens, Theatre Ballet of Canada and the Judith Marcuse Dance Company. We at the Danny Grossman Dance Company feel concerned about the implications of Bill 119, particularly the lack of an assured level of lottery profits going towards culture, recreation, sports and fitness.

In the past, these lottery profits have provided a portion of the funding for many worthwhile community and cultural projects and professional development. To be specific, in 1981 our company was able to purchase a new portable floor for rehearsal and performance through the program. A good dance surface is one of the most important technical needs for a dance company.

It means a consistent, nonslip surface that can be taken from theatre to theatre on tour or at home, no matter the condition of the actual stage. We do dance in many different theatres and stages and it really makes the difference whether we can do it or not. Portable dance floors are very expensive. This one cost \$3,500 in 1981 and was indeed made possible by lottery profits. We are still using the floor today.

Over several years, lottery profits have enabled a staff member to participate in professional development courses for arts managers in the areas of touring, board development—that is our volunteer board of directors—fund-raising, marketing and long-range planning. On two occasions we were able to employ interns to work on specific projects.

In 1981, the Wintario Half-Back program made it possible for 1,366 students to see a school performance by our company. More recently, we were able to purchase an additional portable computer and printer to maintain and increase the names and information in our database. This database is the best source for all of our fund-raising and subscription efforts and the printer

produces a very high quality product so that we have not had the need to use our outside printer quite as much.

We are a small, lean organization. The opportunities and capital projects that I have outlined would not have been possible without lottery profits. These profits have helped us to create an excellent product artistically and to work effectively and efficiently in our administration.

Cultural and recreational activities enrich the lives of Ontario's citizens and are of great economic benefit. The arts industry, for example, ranks fourth in employment and sixth in wage expenditures when compared to Canada's 20 largest manufacturing industries.

1540

We urge you to support the proposals put forth by the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario by treating the accumulated interprovincial lottery profits of \$400 million as a trust or investment fund and allocating the annual interest to culture, recreation, sports and fitness. After combining all the ongoing profits of all six lotteries as contemplated by Bill 119, designate one third of these profits to culture, recreation, sports and fitness. This is comparable to the present profits of the interprovincial lotteries and would leave over \$300 million to be spent on hospitals after meeting the proportionately modest needs of the Ontario Trillium Foundation.

Mr Reyecraft: Thank you for your presentation. With respect to the last few comments, I just want to be sure that I understand what you are saying. I gather you agree that it is appropriate that some lottery funds should be spent on hospitals. You indicated, I think, that the remaining two thirds of the total annual profits from all lotteries could be used for hospitals and other worthy causes.

Ms Smith: Yes. We are supporting the proposal that was put forth by the alliance, which was to suggest that we be guaranteed one third of that.

Mr Reyecraft: I do not recall the alliance, when it was in yesterday, indicating what should happen to the other two thirds. I think they were noncommittal as far as that was concerned.

Ms Smith: It was felt that if that was the desire of the government, then that is perhaps what it would decide.

Mr Reyecraft: Given that position, is it fair to say that your concern is more related to the amount of government support for culture and the arts, in your case, than it is to the actual use of lottery funds?

Ms Smith: As a person who works in the arts, I think it is always a concern about the level of funding. I do not think these lottery profits are in any way a substitute. We are not suggesting that they are a substitute for the tax-based operations funding that comes through the Ontario Arts Council. As the gentleman before me was reiterating as well, it is a fund that is used for special projects, but it is not at all something that we would like to see used for base funding.

Mr Reyecraft: The principle of Bill 119 is that lottery profits should be used first for culture, recreation, sports and fitness projects and then for the Ontario Trillium Foundation and then, if there is a surplus, as



there has been for the last 19 years since lotteries were introduced in this province, that surplus could be used for the operating grants of hospitals. I sense that there is really no argument with that principle as I have articulated it, rather that your concern is related to knowing how much of the total is going to be allocated to the first category that I described.

Ms Smith: Yes. I think the concern by our group is just that there be an assured level, a percentage of those lottery profits that are promised to this area.

Mr Reycraft: If I could ask the question Mr Cureatz asked the last witness, how do you feel about using these lottery funds for environmental cleanup projects as proposed by Cleantario?

Ms Smith: I think it is a good idea. This was the first that I had heard of it, when I was listening to the previous submission, but I think it is a very good idea.

Mr Cureatz: Pursuing that line of questioning—

Ms Smith: He stole your fire.

Mr Cureatz: No, not yet. Do you think it is still a great idea if Cleantario winds up taking a substantial amount of your money? Instead of being divided three ways, it would be divided four ways. I did not major in math—I am just a humble lawyer from Kendal, Ontario—but I think if you did that calculation, you would wind up with less money.

Ms Smith: Presumably there would be another lottery that would bring in its share.

Mr Cureatz: I do not know what its share will be. That is a good response. I like that. Okay, we will wait and see. Mind you, the government has not acted on Cleantario. It came in with great fanfare during a particular speech from the throne, and it seems to have withered on the vine, I say to Joseph. I can see that he is a little sad about that, because he was banking on his next campaign success because of Cleantario.

However, I wanted to ask you how many members are in your dance company. More particularly, you made some reference to some other groups that are under you or that you are associated with. I missed that in your presentation.

Ms Smith: Just that we are a part of the alliance that was represented by Bob Johnston yesterday. That is what I was speaking about.

Mr Cureatz: How many members are part of the Danny Grossman Dance Company?

Ms Smith: There are 10 dancers. The company is 15 years old, and we have been working with one or one and a half staff people until recently. Now we have two and a half.

Mr Cureatz: The parliamentary assistant indicated that in past years there has been a surplus. I can remember when Reuben Baetz was the minister, and how we loved Reuben Baetz. But that is a story for the book that I will write some day. In any event, you have indicated that there was a surplus, but I suppose, if you think of it in terms of the amount of moneys that were there, and if, as the various groups have come forward and as witnesses have

indicated, all the moneys were truly allocated to them, then there should not have been a surplus. If only a portion of the money was allocated—I am asking you, though. You indicated that over the years there has been a surplus, but actually, there has been a surplus only because of the various budgetary divvying up of the lottery funds. If they had spent all the money on those categories—sports, recreation, cultural activities—there would not have been. It was a determination by the Treasurer of how much money he was going to give to the ministry. There was \$400 million and he gave them \$200 million, so there was a surplus of \$200 million. It was a budgetary decision. You cannot really say there was a surplus because somehow there was extra money; there was a surplus because the government decided that section of the ministry would only get so much of the lottery funds. Therefore, the remainder would be classified as a surplus.

Mr Laughren: They stole the balance.

Mr Cureatz: All right, my colleague says they stole it. I guess those nasty Tories stole the money. I can only point out to the Liberals that I do not remember seeing great protests in front of the Legislature about the money being stolen, but now it has all come to light and now that we have this legislation in front of us as to the divvying up of the funds, now it is being stolen. I ask Cheryl.

The Chairman: Cheryl, do you have any comments with respect to all of this information that Mr Cureatz is directing towards the parliamentary assistant?

Ms Smith: I do not have any comments about it.

Mr Cureatz: You are wise not to, because my function is to remind those Liberal backbenchers over there that, as mundane as this all is, it is just another large segment of the people of Ontario that you are offending, and woe unto you. The only thing that is going to save you is Mulroney's nine per cent tax which, I might add, I am against.

Mr Fleet: Loyal to the core, Sam.

Mr Cordiano: That might save you.

Mr Cureatz: You are right; that is what is going to save me: me being against Mulroney's nine per cent. The only crazier thing I have seen is that they are advertising the nine per cent tax. At least Bill Davis would bring in a tax and forget about it the next day; it would be buried and we would carry on, but not stupid Ottawa. It brings in the tax and then advertises about it.

The Chairman: Could the chair ask a clarification question here? From an old hand—Sam—

Mr Cureatz: The question is that your group, let me indicate, represents nine people.

The Chairman: I wanted to ask you a question of clarification, as a chair. You always—

Mr Cureatz: I am not even a minister. Have I crossed the floor? Have I done something?



The Chairman: You always allude to the fact that we backbenchers who were just elected in 1987 could rest on your experience. My experience so far has been that most remarks should go through the chair and most of the questions should be directed to the witnesses in the chair. Could you comment on that and then ask a question of Cheryl before your time is up?

Mr Cureatz: But that is the advantage of being senior around here. One knows the parliamentary games and one can get away with it, depending on how strict the chairman is. Sir, you chair a wonderful committee and I have nothing but the highest regard for the manner in which you perform your function.

The Chairman: Thank you very much. May I go on to the next person on my list though?

Mr Cureatz: Yes, you might.

Mr Fleet: Has this been left over from the last?

Actually, I guess all I would like to say is that I thought the presentation was a very good one. I was only half jesting when I said I thought what you have been witnessing would be good material for you to work with.

Ms Smith: I should have brought Danny.

Mr Fleet: Absolutely.

The Chairman: Thank you very much.

The next presentation was to have been by Susan Serran, the artistic producer, and Catherine McKeethan, the interim general manager of the Theatre Direct Canada. They phoned as recently as today to say they would be here at this point in time and they have not arrived as yet. If they come in, we will begin with them at the time they arrive.

The other presentation is by the Metropolitan Toronto Reference Library, John S. Ridout, chairman. If he should arrive first, we will begin with him.

In a moment, I will declare a bit of a recess here, but I would like to advise the committee that at four o'clock, Mr Carrothers, my colleague the member for Oakville South, will be substituting for me, and the vice-chairman, Mr Faubert, will be taking over the chair for the remainder of today and all day tomorrow.

With that, I will declare a recess until either one of the final two presenters arrive.

The committee recessed at 1552.

1600

The Vice-Chairman: We have with us Susan Serran, artistic director of Theatre Direct Canada, and Catherine McKeehan, interim general manager of Theatre Direct. If you wish to proceed, you can start.

THEATRE DIRECT CANADA

Ms Serran: I would like to thank you all for giving me the opportunity to speak on behalf of Theatre Direct Canada and also to reiterate the concerns I am sure you have heard repeated over and over again over the last few days as many of my colleagues have come in and given similar deputations.

I have brought with me a prepared address, but I feel much more comfortable than I thought I would and I think I am going to stray somewhat from that address.

Interjection.

The Vice-Chairman: First I should let you know you have a half-hour for your presentation.

Ms Serran: I promise not to take 30 minutes.

The Vice-Chairman: Okay, but you can use all of it for your presentation or you can leave some time for questions.

Ms Serran: What has encouraged me to stray somewhat from my address is that I was trying to imagine on the way over what it is like to be in your seats today rather than in my seat, where I know very well what the problems are in terms of funding in the arts community in general, and I wanted to be sure there is a really clear understanding that you have been hearing from a community that is desperate and that our response to Bill 119 is part and parcel of this larger desperation.

In Theatre Direct's case, a company founded in Ontario in 1976, we have spent all of those years going out, travelling to schools throughout the province in small towns, big cities, playing here in Toronto and across the country, talking to the young citizens of this province, the people who are hopefully going to be in my position and your position in the future.

If funding for the kind of work we are doing continues to fall short of what our real needs are, what will happen eventually is that basically we are going to continue to have young people growing up, becoming the corporate donations officers, the teachers, the educators, and all of them will have an underdeveloped aesthetic. They will be looking at Dallas on television, they will be watching American movies and this will become part and parcel of the fabric of their way of life. They will have lost that which is particularly Canadian and particularly ours, because that is the very thing that art, theatre, film, dance can give.

Theatre Direct Canada supports amendments to Bill 119, the first of which is to guarantee that one third of the annual lottery profits be spent exclusively on culture, recreation, sports and fitness; and second, to establish a trust fund with the approximately \$369 million of unspent lottery profits, the annual interest from which will be spent exclusively on culture, recreation, sports and fitness. This investment, we feel, will allow the



Ontario Arts Council to implement the first stage of its visionary five-year plan.

Our cultural community is world-class, both in the art we create and in the way we manage our organizations. We are able to produce work that is readily shared by the rest of the world with astoundingly few resources and very little government support. The government currently is spending eight tenths of one per cent of the provincial budget on all cultural activity.

The most valuable contribution we make to this province is quite impossible to measure. How does one measure the enrichment of people's lives in communities across the province? In Theatre Direct's case, this enrichment means that over two million young people have experienced award-winning theatre at first hand in their communities. Young people have participated in creating this work which truly reflects and inspires them, work that deals with issues that concern them, work that challenges them to deal with ideas, with visions of humanity, and ultimately, with visions of themselves and their communities and this province.

Culture is an investment in the future, in the communities we are building, in the society we envision and in the young people who will lead this province to realize what today we can only imagine. If this government truly believes that education is a priority, then funding cultural activity and supporting and enriching a vibrant artistic community must be an essential part of this province's educational investment as well.

The government cannot continue to let artists bear the enormous burden of subsidizing their work. As it currently stands, Bill 119 is a very effective measure to practically obliterate cultural activity in this province. Ontarians will no longer be able to share a vision. Without the commitment to amend Bill 119 or to implement the Ontario Arts Council's five-year plan, we will have no resources, no opportunity and no place to shape this vision.

This government fought very hard to protect the cultural identity of this country and this province during the last federal election. Free trade is now a reality. This province's cultural identity, the work and vision of its artists, needs the support and commitment of the government, perhaps now more than ever.

I am here simply to impress upon you that unless Bill 119 is amended or this government implements, without reservation, the Ontario Arts Council's five-year plan, the outlook for cultural activity is very, very bleak. Bill 119 retroactively cancels a moral and financial commitment to the cultural community and to young people. Your consideration is appreciated. Thank you. If anyone has any questions—

The Vice-Chairman: Thank you. Yes, we do. I think Mr Callahan is first on the list, then Mr Laughren and Mr Reycraft.

Mr Callahan: Thank you very much. In your presentation, as well as in many of the ones we have received, there are certainly things that I think all members of the Legislature can agree with. There is no question that a province without culture, without theatre, without arts, without recreation and sports is one that is only half a province. What I would like to address first is the question of this notional surplus.

People who have come before us here, in the main—I think probably exclusively—have addressed that. They have addressed the question of some sort of guarantee of a third or more of future lottery profits. I guess we can all understand that here when we look back in retrospect at how the notional surplus got created. It got created because even though in the previous act passed by the Progressive Conservative government it used the words "to be available"—you are aware that under section 9 of the existing act, the funds are channelled into the consolidated revenue fund and the words that are there are not "in trust" or "for definite commitment" to those groups; it is "to be available," which is a very neat wording.

I guess your concern is that if in the past you have been disappointed, you believe you will be disappointed in the future. In light of that, I would like to ask you, from 1985 until now, you have indicated that the support was 1.8 per cent. what was it?

Ms Serran: Eight tenths of one per cent.

Mr Callahan: Eight tenths of one per cent. Can you relate that to what it was pre-1985 in relation to what it has been from 1985 to 1987. I understand that the grants are somewhere in the neighbourhood of 9.6 per cent and have been since 1985, which seems to be a fairly significant amount in that it is probably double inflation. Do you have any facts or figures to tell us what it was pre-1985?

Ms Serran: No, I do not. I could probably get you those figures.

Mr Callahan: If you do, maybe you could supply them to the committee because I think it is of some importance to us. The other question I wanted to ask, and I have asked it of most of the groups that have come before us, is that if you were given a third, it is a double-edged sword. In other words, if we as a government, or any government that succeeds us, has a one-third feature in terms of sharing the lottery funds and the lottery funds dissipate, either through other lotteries coming into play or a bad economy or whatever else, do you not feel that by putting a cap on it in that way, you leave open to any government the right to say: "Well, you asked for a third. You got a third. It may not be enough, but you are stuck with a third"?

Bill 119 presently proposes that the money be the same as before, put into the consolidated revenue fund but to be made available to your group, sports and so on, into the Trillium Foundation which is really just a housekeeping item. The inclusion of the Trillium Foundation was to legalize an arrangement that had been arrived at by charitable groups that were putting out their own lotteries five years ago, I think it was. Then the balance, if there is any, would go to the operation of hospitals. Do you see what I am getting at?

Ms Serran: You are saying it could be dangerous.

Mr Callahan: It has a double edge to it. It can do what you people are trying to accomplish in sincerity, as a guarantee that there will be a certain percentage of those funds available for your respective organizations, but it works both ways. If you were sitting in my chair and I was sitting in yours, to me that would seem, as you said, to be one that would give me serious concern because although lotteries have been very successful to this



point, so have bingos in my community, which fund a great deal of activities, but the lotteries may go the same way the bingos did.

It is very difficult, for very good causes, to get a time slot for bingo so they are out in the cold, or it may be that people just cannot afford to participate, or the flood of lotteries, from whatever sources, may dry up or reduce the amount of that third. Do you see what I am saying?

Ms Serran: I do see what you are saying. I recognize the double-edged sword factor. However, I do not have a solution to it off the top of my head. The concern remains that there is a considerable sum of money that was originally allocated to culture, sports, fitness and recreation, and that money has not been coming to culture, sports, fitness and recreation. It seems to me that is one issue that has to be looked after.

The next issue that has to be looked after is, what happens with the future moneys? I agree with you that if we put a cap on it of one third, it may work to our disadvantage. Indeed, we are looking for some guarantee that, obviously, works to our advantage. But I cannot respond immediately with "Okay, let's change it from one third and leave it more open." It seems to me that the phrase "as available"—the phrase you used earlier--

Mr Callahan: "To be available."

Ms Serran: "To be available" is equally dangerous.

Mr Callahan: All right. Finally, if I could, it seems to me that we should forget about this notional surplus because I think that was obviously money that was held back by the former government and never committed. It never put itself in the position of having to commit it because it used the words "to be available." It did not say you had to get it.

It would seem to me that you have a much greater weapon in leaving it open-ended as it is under Bill 119, in a sense. If you feel that this government or any government hereafter does not live up to that commitment, first, the province is the loser—because we accept what you people and all the other groups have said, that it is a very essential part of Ontario—and second, you have your ultimate weapon, which is the vote. You could simply say that the government did not live up to it and if governments cannot give rational reasons as to why they did not, then governments change. This is just a personal opinion, but I think you are safer in that area.

The Vice-Chairman: Mr Laughren, do you have a comment or question?

Mr Laughren: I certainly have a comment. I would caution you not to be taken in by the silver-tongued solicitor over there whose oratorical skills have earned him a fortune in the courtroom even at his tender age.

The fact remains that from this point on, when this bill is passed, it does a couple of things: First, it takes money that was set aside and legitimates the confiscation of moneys into the consolidated revenue fund—it just takes it into surplus—and second, it says that from this point on, all lottery profits will be split between hospitals and culture and recreation. That is what it does, so guess who you are competing with? You are not competing with each other any more; you are competing with hospitals. There is no question in my mind that that is what is happening here and I am very fearful of the long-term results of that.

Finally, I want to express my appreciation for the way you highlighted the Canadian content aspect of cultural spending in the province. It really is 100 per cent, is it not? I suppose there can be some slippage in purchasing the material and that kind of thing, but basically everything we put into culture and money spent on the arts in the province is almost totally 100 per cent Canadian content. That is something that is rare in this country for a number of historical reasons and I appreciate the fact you highlighted that in your brief. Others have touched on it, but I think you did the best job of highlighting that.

Mr Callahan: Mr Chairman, just to correct something—

The Vice-Chairman: No, I will put you back on the list, Mr Callahan.

Mr Callahan: All right, but put me back on the list because I want to correct something Mr Laughren said.

Mr Laughren: Put me back on too, then.

Mr Callahan: As you can see, we are compatible.

Mr Reycraft: This is not a rebuttal. I want to ask for some information about Theatre Direct Canada. What are you and what do you do?

Ms Serran: Theatre Direct is an organization that works exclusively with young audiences. We have created and performed new Canadian work that has toured to schools, theatres, community centres, arenas and church halls all across the province and the country.

Our work has concentrated on what we call social concerns and issues of relevance to young people. For example, in the past couple of years we have talked to young people about the issue of teen suicide. We have talked to them about the issue of mental health and the role that individual citizens should be playing in trying to assist people in the community with mental health problems. We have talked about excessive use of alcohol. We have talked about volunteerism and co-operating and being part of one's community. Those are the kinds of issues our work deals with. We are pioneers in terms of creating new work and new plays which then are often picked up and produced again by companies in other provinces across the country and taken out to children.

Mr Reycraft: Is there a formal membership to your organization?

Ms Serran: Indeed.

Mr Reycraft: How large is it?

Ms Serran: The membership is about 100 people. It would be made up of a real range of people, everyone from educators and teachers to members of the corporate community, artists and people who have been introduced to the work through a showcase and who have just simply said, "This is something we feel we should support."

Mr Reycraft: How large a budget do you have?

Ms Serran: Our annual budget is approximately \$450,000.

Mr Reycraft: How do you fund the budget?



Ms Serran: The budget is funded through the Canada Council, the Ontario Arts Council, the city of Toronto, the arts division of Cultural Affairs Metro, fund-raising and of course the revenue we earn through the sale of our shows.

1620

Mr Reyecraft: Can you give me any general numbers as to what percentage of your funds come from fund-raising activities and what percentage comes from actual sale of your services?

Ms Serran: We are in a situation now where we are about 50-50; if you were to add together our show sales revenue and our fund-raising dollars that we earn each year, that would support about 50 per cent of the organization.

Mr Reyecraft: So then the other 50 per cent is coming from various government grants, federal, provincial and municipal.

Ms Serran: That is correct.

Mr Reyecraft: That is very helpful. Mr Laughren indicated that under Bill 119 lottery profits would be shared by not only cultural and recreational organizations and activities in the province but also by hospitals. In saying that you support the recommendation of the alliance, which is a portion of lottery profits annually be dedicated to culture and recreation and then that the government be allowed to use the remainder for whatever purposes it chooses. Then I take it you agree with that basic principle of lottery profits being shared by all of those things.

Ms Serran: Yes.

Mr Reyecraft: There is no objection to some lottery profits being used for hospitals.

Ms Serran: No.

Mr Reyecraft: Thank you.

Ms McKeehan: I mean if you are talking about how the budget of the government of Ontario gets shared up, it seems to me that—I mean we have to be realistic. We assume that every effort has been made to find other sources for servicing the commitments that have been made. Obviously if there was another source of revenue for the hospitals, we would rather you used that and maintained the status quo, but it is pretty hard in our situation to argue against hospitals frankly. I think that is why, in addressing Mr Callahan's point, that trying to maintain the one third is our best strategy in the meantime.

Mr Laughren: That is why it is in the bill because they know you cannot argue against hospitals.

Ms McKeehan: Yes.

Mr Reyecraft: One further question, if I may. The government, in its budget of this year, announced that they were going to set up a new provincial lottery called Cleantario and that the profits or proceeds from that lottery would go for environmental cleanup projects. Do you have any objection to that

kind of a lottery being established or to its funds being used for that purpose? If you have not considered the matter before, you should indicate that and you do not need to answer the question.

Ms Serran: I have not considered the matter before. It is difficult to get into the whole issue of lottery, the concept of lottery and what place it should have, who does eventually buy lottery tickets and if it an appropriate way to raise funds.

Mr Reycraft: There is a reason I asked the question. Mr Laughren and others have been saying that lottery programs were set up to fund culture and recreation, sports and fitness and they should not be used for other purposes. Now the alliance is saying that they agree that it is appropriate to use lottery funds for other purposes. They are not suggesting that all of the funds should be used for culture and recreation. I was just trying to ascertain whether or not you have given any consideration to the other things that it would be used for.

Ms Serran: We find ourselves in a difficult spot between an injured person and an injured environment, and somewhere in between there, what we believe is that there has to be a place for culture and for the arts, as well as there has to be a place for these other things. I mean to be between the environment and hospitals, I cannot find a more difficult spot.

Ms McKeehan: Certainly if there was a way in the ordinary budget that these revenues could be made available and lotteries could be dispensed with because, as Mr Callahan pointed out, revenues from lotteries go up and down and somebody opens a new lottery, etc. All of us, hospitals, the environment and everything else is dependent on the whim of someone going out with their \$5, \$10 or whatever it is. I mean, I made myself a pact just last week not to go in there on Thursdays with five bucks any more, but I do not know whether I will be able to keep that until next Thursday.

Mr Reycraft: Let me assure you that tax revenues fluctuate too. That is a problem the government has to deal with generally.

Mr Callahan: I just wanted to point out that the position or the role of the opposition quite obviously is to be critical of legislation, and that is a proper function. Normally Mr Laughren is uniquely succinct and clear on that, but on this occasion I have to say that his statement that this bill sets up a competition between sports, recreation, cultural activities and so on and hospitals is not the clear wording of the bill.

The bill simply says, "The net profits of the corporation after provision for prizes and the payment of expenses of operations shall be paid into the consolidated revenue fund"—that is our budget like at home, our pot—"at such times and in such manner as the Lieutenant Governor in Council"—which is the cabinet—"may direct, to be available for appropriation by the Legislature." What happens is we sit down here and we appropriate moneys to various ministries. We do not do it, but we get an opportunity and Mr Laughren and the critics get an opportunity to criticize the estimates of the various groups.

Mr Laughren: Finish reading the bill.

Mr Callahan: Mr Laughren has asked me to complete it. It says,

"(a) for the promotion and development of physical fitness, sports,



recreational and cultural activities and facilities therefor; and

"(b) for the activities of the Ontario Trillium Foundation."

Mr Laughren: Finish it.

Mr Callahan: Just a second, I will. Those funds are appropriated by the Legislature, recognizing the needs and so on based on previous years, I guess, and maybe groups that have come forward. After that is finished, then anything that is not appropriated in that fiscal year is applied to be used for hospitals' operations.

So it is not a competition between the two at all. It is taking the first step and deciding what is needed in this province to achieve all of the objectives. You have suggested, as have all of the groups that have come before us and all of the groups that are out there, all the good things that they do for Ontario. Once you have done that, then what is left over, if there is anything, goes to hospitals. That is what is being said—nothing more, nothing less.

Mr Laughren is going to jump in and say that we are putting the money, this notional surplus you talk about, into the consolidated revenue fund because in actual fact, it is in the consolidated revenue fund and has probably been applied towards other causes, including sports and recreation and culture. What we are doing is, we are saying, "Okay, you were squeezed in the past by the former government quite obviously—

Mr Cureatz: Now, Mr Chairman—

Mr Callahan: Now Sam is going to interject.

Mr Cureatz: He is totally out of order with those kinds of insinuations. He was not even around then.

Mr Callahan: Obviously the proof is in the pudding because there would not have been that notional surplus unless the previous Conservative government had in fact withheld funds from those groups.

Mr Cureatz: I did not see them all here protesting. I see them protesting this bill.

Mr Callahan: But in any event, do not say that that is wrong, Mr Cureatz. That is unlike you. You are usually quite candid.

The Vice-Chairman: This is not a debate across the floor.

Mr Callahan: I might add, as well, that this year government spending on culture and recreation is up by \$48 million; that is my understanding. Lottery profits are projected to rise to \$15 million. As you can see—

Mr Cureatz: The bulk of the money came in after 1985 when you came to power.

The Vice-Chairman: Order. I will put you down on the speakers' list, Mr Cureatz.

Mr Callahan: That shows a strong commitment of this government, despite Mr Cureatz's protests. I cannot speak for what happened before, as Mr Cureatz has quite properly said, but the fact that surplus was there of some \$4 million, or if you look at the total profits of all of the interprovincial as well as intraprovincial lotteries, it is in the neighbourhood of \$1.6 billion. That tells the tale as to what they did, but what we did, as I say, is \$48 million this year for culture. Government spending is up. Lottery profits are projected to rise by \$15 million. So I state my case.

1630

Mr Laughren: I would like to withdraw a comment I made. I feel badly about it, having listened to that rambling, obfuscating discourse by Mr Callahan.

Mr Callahan: Before, I was silver-tongued; now I am rambling.

Mr Laughren: I would like to withdraw my comment that he is a silver-tongued solicitor.

The Vice-Chairman: That is it. Okay.

Ms Serran and Ms McKeehan, thank you for your appearance here.

Next we have Mr Ridout here from the Metropolitan Toronto Reference Library.

Mr Cureatz: I have a point of order, Mr Chairman.

The Vice-Chairman: I will put you down as the first speaker, Sam.

Mr Cureatz: No, a point of order.

The Vice-Chairman: Okay. Let's hear it.

Mr Cureatz: I want to congratulate the translators, who are doing such a marvellous job in their cubicle. I do not have an opportunity, because, you see, in the Legislature I sit way back in the back bench of the Conservative Party. As a matter of fact, I have the unique distinction of being the very last member of Parliament in this place in terms of seating arrangements.

Interjection.

Mr Cureatz: You could look at the rump and maybe we could take in more specific aspects of who is the last, but in terms of the opposition I am the very last, so I do not see these charming people, but from time to time I do try to compliment them in my diatribes in the Parliament. Now I am on committee and I see them up close, and when I was listening to the interpretation of the presenter speaking in French, it was superb and spoken line for line as he was speaking in French and I was impressed.

Mr Callahan: The presenter or Mr Fleet?

Mr Cureatz: Mr Fleet spoke like John Diefenbaker speaking French. It sounded like English with a French accent to me, because even I understood him and I am Ukrainian.



The Chairman: The translator did a great job with Mr Fleet also.

# METROPOLITAN TORONTO REFERENCE LIBRARY

Mr Ridout: I am sorry I do not have anything in French. I am the chairman of the Metropolitan Toronto Library Board, which is responsible for the operation of the Metropolitan Toronto Reference Library. We serve upwards to two million patrons per year, using an average of one and a half million of our over two million items in our collection. This is all without charge. Public libraries are truly everyone's—rich or poor or in between—major cultural facility.

Over the years we have received several grants from lottery funds, admittedly small amounts, usually well below one per cent of our total budget for the year. We have probably received more than most other public libraries in Ontario because we are able to carry out projects that the Ministry of Culture and Communications wants done. We have the expertise to do it, so they come to us. We have probably given more than we have got, actually.

However, our board would still argue for increased grants from the lotteries funds for culture and recreation.

There are just two points I would like to make, one not covered in our letter to the Premier, and I assume that is exhibit 63, and the other that seems to be overlooked by proponents of the bill.

The first point is the importance of culture and recreation to our life and health. Many people seem to consider them as sort of add-ons; we will do something about them if we ever have enough left over after looking after our so-called basic needs. But these are basic needs also. They are what make us human. They can do more to keep our health, to keep us out of the hospitals, than much of our high-priced medicine.

But arguing for money for culture and recreation is a pretty hard sell when so many have a loved one or friends in need of hospital services. When there is an immediate, very pressing need to be met, consideration of longer-term future needs goes by the boards.

That was probably the dilemma facing the government in 1975, how to set aside money for these important needs without having it diverted to the more prominent needs. It could have set aside one per cent of our budget for culture, but we have seen what happens to such promises made in Quebec in the 1985 election campaign.

I am not arguing against hospitals, but I am arguing against juxtaposing hospitals and culture. I do not like to see hospitals referred to at all in the legislation.

The government of the time, instead of deciding to use the lottery profits, which, while it perpetuates the idea that culture is not a basic budget item, does protect, or so we thought, the money from the vagaries of the budget-makers, in addition—and I do not know that this point has been made before—it relieves the taxpayer from having to pay. There is now a choice. One does not have to buy a lottery ticket. They have a choice to support culture through their lottery tickets or they do not. If it is supported by taxes, they have to pay it. The use of lottery funds should be reserved for these less prominent but essential needs of human beings. Bill

119 puts them into juxtaposition again, even if it is just what is left over after culture and recreation get their kick at the can.

The second point has to do with the spending of these funds. The present act does not require all the profits to be spent; it only makes them available. So funds can be accumulated from year to year to lend to various ministries instead of adding to the provincial debt by not giving out all the profits in a year. This has been done by limiting the total amount of the programs so that not all applications get funding, and limiting the programs themselves so that not all organizations can even apply.

I have cited the three computer programs in my letter. Not only is the Metro Toronto library not able to apply for a computer grant, but also the City of York library and the East York library, which are also buying computers this year. They are not in the north, they are not small enough to go into a network, and they are not a small library that can use a small computers. Those are the only programs that were available for computer purchases. We are all precluded from even applying, because there is no program. Grants for such programs have considerable leverage. They assist for many years in the future, whereas making the surplus available to hospitals would gobble it up in a few days.

Mr Callahan: I think you said—and if I am wrong, tell me—that your preference would have been to have no indication of where they should go in there? Is that what you said? In other words, the moneys would just go into the consolidated revenue fund.

Mr Ridout: No. My preference is that all the money be available for culture and recreation.

Mr Callahan: I am sorry. I thought you said you would prefer to have no mention of any of those things in there and just have the moneys—

Mr Ridout: No. I would prefer not to have any mention of hospitals.

Mr Callahan: So if there were no mention of hospitals and there was a surplus left over after meeting the legitimate needs of these groups that are named, what would you do with it?

Mr Ridout: I am saying that the legitimate needs are not being met yet. I think they are out there; there is enough to use up all the funds. It is just that the programs are not being given for it; the money is not being requested by the ministries.

Mr Cureatz: This present government has not been doing a good job.

Mr Ridout: The previous government, too.

Mr Callahan: Thank you for the even-handedness, but as I indicated before—and I think you were here, Mr Ridout—government spending on culture and recreation is up \$48 million. Lottery profits are projected to rise \$15 million. That demonstrates, or I think it should demonstrate, that the government is not just looking to lottery funds. They have significantly increased and enlarged the base for those groups.

I have asked this question before. If you go back to, say, asking for a third of the lottery profits, that is a double-edged sword. You may find yourself getting less, and you may find a government—not ours, I am sure, but



if there were any other government—that said to you: "You came in and asked for one third of the lottery profits. You got them. That's it: no more, no less."

I think it also somewhat limits the hands of the minister who is looking after that portfolio, because when he goes to the Treasurer, the Treasurer can say: "The legislation says a third. You've got a third. Make do with it what you can." I think that is a very difficult position to put a minister in.

It is interesting, because Mr Laughren looks toward supporting putting a third or some percentage on the lottery funds, yet his colleague the member for Beaches-Woodbine (Ms Bryden) is quoted very clearly in the Legislature as supporting the nonspecific allocation of funds.

Mr Laughren: I will have to speak to her.

The Vice-Chairman: She is the Revenue critic.

Mr Callahan: He is the critic for the party, so I guess he is speaking properly, and he says he will speak to her. She is obviously on the side of the most logical approach to it, because if you start giving people a guarantee, you can in fact be cutting them off, because of the reasons I have said. On the other side of the coin, you set the wheels in motion that other groups could ask for it; other causes that are worthy as well can come along and say, "I want a third of that, too."

The Vice-Chairman: Are you leading up to a question?

Mr Callahan: Mr Ridout is going to respond to that.

Mr Ridout: I think there should be a separate lottery for culture and recreation, the interprovincial lottery. I think it is worth while taking our chances on the profits from that lottery being sufficient for our requirements. I am quite aware that the government makes money outside the lottery available to culture and recreation. About seven per cent of the Metropolitan Toronto Reference Library budget comes from the provincial government, and that is outside the lottery funds.

But we use the lottery funds for special projects, for getting things off the ground and that sort of thing. I think that if the lottery profits went down, we would just have to come to the government and say, "Well, give us something out of the regular budget." The essence of the lottery that I was trying to point out was that it is a voluntary thing. People can contribute to it and they are not feeling that their money is being taken away from them in taxes.

The hospitals need money. That is a legitimate call on the budget, and the budget should support that sort of thing.

Mr Cureatz: I want to be specific about the Metropolitan Toronto Reference Library. Is that the one on Yonge north of Bloor?

Mr Ridout: On the east side, yes.

Mr Cureatz: How many staff would be with the library?

Mr Ridout: We have 437.

Mr Cureatz: You have 437 at that library.

Mr Ridout: We have another location down at city hall.

Mr Cureatz: I see. Looking over my list of presenters today and yesterday, I do not believe—the chairman or the parliamentary assistant might remember. We did not have any presenters from libraries other than this one, did we? Do you remember?

The Vice-Chairman: Not today.

Mr Ridout: I noticed on the list the Waterloo library, and the Ontario Library Association is coming tomorrow.

Mr Reycraft: Waterloo was on the list, but I think it cancelled yesterday.

Mr Cureatz: Yes, that is right.

I just wanted to indicate to you, sir, that I am very impressed with the library; I have had the opportunity of using it once or twice myself. Your presentation adds just another dimension to all the other varied groups that have come forward, expressing your concerns.

Although it is unusual for me to poke fun at the present government, I have every confidence to hope that the parliamentary assistant will be bringing forward the appropriate amendments, or if not, that he will be accepting our amendments that will reflect the kinds of concerns we have seen presented here over the last few and, I am sure, coming days ahead.

Mr Reycraft: I am listening carefully.

The Vice-Chairman: Mr Reycraft, you are on.

Mr Reycraft: Thank you, Mr Ridout, for your presentation. You made the point that culture and recreation services are an essential part of our society, that they are not an add-on, that they are something very important to our society today. I agree with that. I agree that not only are they as important as health, education, environment and social services, but indeed they are a part of all of those things.

Then you made the point that you would prefer to see all lottery profits dedicated to culture and recreation, sports and fitness, that you did not want to see hospitals attached to those categories, as in Bill 119. If that kind of status was provided, and culture and recreation were guaranteed the profits from lottery funds or a percentage of those profits, culture and recreation would have a status not enjoyed by education, by health, by social services or by anything else within the provincial budget.

How do we justify saying that culture and recreation are an essential and integral part of our society and then on the other hand saying, "but we want to treat it differently than anything else"? How do we justify that?

Mr Ridout: I think I indicated that I thought one of the lotteries should be dedicated to culture and recreation. I am not opposed and I think other people would not be opposed to, say, the interprovincial lottery being dedicated to some other thing, which could be hospitals. But it is just the fact that within one lottery we have this competition going on. I realize what



Mr Callahan is saying, that it is really not a competition, because it is the surplus. But in the mind there is a competition there, because what you do not use for culture goes to hospitals, and therefore you sort of squeeze down the culture so there will be something left for hospitals. But if it was a separate lottery, you would not have that competition.

Mr Reycraft: I guess you could make the same argument, though, with respect to education. If you reduced the spending on education, you would have more for health. If you reduced the spending on health, you would have more for social services. It seems to me that if we are going to treat culture and recreation as an essential and integral part of our society, it has to be in there with all the others. We have to treat it the same way we treat health and education.

Mr Ridout: Well, it is in the budget by itself. There is a separate item in the regular budget for it, so that is the essential part. The lottery part really, as I see it anyway, is for these extra projects, for doing something more: capital expenditure that goes on for a long time.

Mr Reycraft: Okay. Thank you for answering that question.

The Vice-Chairman: Could I just clarify one point, Mr Ridout? It appeared that Mr Reycraft was asking you a particular direction on a question, but I seem to get from your presentation that, while funding for the arts is in mainstream funding, somehow it is at the bottom of funding; it comes after everything else. You are arguing for some stability in funding. Is that really it? Issues such as education and health are at an expected funding level and a continuing level, whereas arts, culture and recreation do not enjoy that position now within the mainstream funding.

Mr Ridout: Yes, because they do not have the same clout in the public's mind.

The Vice-Chairman: That is a point that has been made by other deputations. I appreciate that. Thank you, Mr Ridout.

This committee stands adjourned until 10 o'clock tomorrow morning.

The committee adjourned at 1648.

CA20N  
XC16  
-G24

Publication

G-8a

STANDING COMMITTEE ON GENERAL GOVERNMENT

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

THURSDAY 14 SEPTEMBER 1989

Morning Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)

Bryden, Marion (Beaches-Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park-Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Carrothers, Douglas A. (Oakville South L) for Mr Elliot

Laughren, Floyd (Nickel Belt NDP) for Mr Charlton

Reycraft, Douglas R. (Middlesex L) for Mr Ruprecht

Clerk: Carrozza, Franco

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From Dance in Canada:

av Paul, Annette, President

Dymond, Steven, Former Director

From Factory Theatre Lab:

English, Dian, Producing Manager

Munro, Neil, Member, Board of Directors

From the City of Mississauga:

Scott, Ian, Commissioner, Recreation and Parks

Neeb, Mark, Director, Recreation and Parks

Dale, Frank, Councillor, Ward Four; Acting Mayor

From the Durham Art Gallery:

Pappert, Ann, Curator/Director

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday 14 September 1989

The committee met at 1003 in room 151.

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

(continued)

Consideration of Bill 119, An Act to amend the Ontario Lottery Corporation Act.

The Vice-Chairman: I would like to call the meeting to order. Good morning and welcome to the standing committee on general government. This morning we are dealing with Bill 119, as you know, An Act to amend the Ontario Lottery Corporation Act.

I would like to remind you that you have 30 minutes for your deputation. You can spend all of it or part of it could be in questions. So if you would like to proceed? Annette av Paul, and Steven Dymond, executive director. You are the president?

Ms av Paul: I am the president.

The Vice-Chairman: Okay. Do you want to proceed?

DANCE IN CANADA ASSOCIATION

Ms av Paul: Good morning. I am Annette av Paul, president of the Dance in Canada Association. Dance in Canada is a national service organization with its majority of members in Ontario. Our mandate is to promote, protect in all manners, encourage the development, serve and represent dance and the members of the dance community in Canada. We have over 1,000 members of the dance community in Ontario using our services.

As an association, we fully endorse the presentation made by Robert D. Johnston of the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario, of which we are also a member. There are, however, a few points that we from Dance in Canada would like to reinforce. Governments in Canada are still quite unaware of the meaning and importance of culture and, therefore, also of dance.

I was born in Sweden, where my nine years of dance training at the Royal Swedish Ballet School were paid for by the Swedish government. This is still the case today, as it has been for several hundred years. They believe in their young artists and share in their mature achievements, and there is even a pension at the end.

In Canada, the oldest ballet company, the Royal Winnipeg Ballet, is celebrating its 50th anniversary this fall. In Sweden, the ballet has been in its opera house for over 200 years. The Royal Philharmonic Orchestra is 450 years old. Culture is an integral part of society and of people's lives.

In Canada, we are still constantly breaking new ground, opening up boundaries and defining ourselves through our culture, which is even today in



a sort of pioneer stage. For us to be in the situation of competing with hospitals for funding is bizarre. Dance, as with sports, is one of the few real disciplines left today. It is a physical, mental and spiritual discipline which has brought motivation and action into the lives of some sometimes very lost young people and it has fostered some tremendous artists who share their riches with society at large.

Having been a leading ballerina of major ballet companies in both Europe, the United States and Canada, I have seen the impact and the power of this universal language which dance represents. I performed with les Grands Ballets Canadiens in China in 1984 when our ambassador in Beijing said that we had done more for Canada during our four performances than he had been able to do in four years.

We are an expression of this country; a reflection of this country. More dancers should find and be encouraged to find their creativity within it to share with the world. Dance has the power to transform a person's life condition. When you receive letters saying that your performance has touched someone so deeply that he or she regained the will to live after a difficult operation, that is a different form of health care. Through our very special language, we reach across borders and into the human soul. Our values remain even when the dollar is down.

As president of Dance in Canada Association, with a majority of our members residing in Ontario, I submit the following statement and recommendations to the committee. Profits from Ontario and extraprovincial lotteries should be used for the purposes for which they were originally designated in the 1975 Ontario Lottery Corporation Act. Since 1975, the people of Ontario have purchased lottery tickets on the understanding that profits from these purchases would be channelled into culture, physical fitness, sports and recreation. This government has a moral obligation to act accordingly.

Quality health care must be a priority for the government. However, lottery profits would be a short-term and small pecuniary gain for hospitals. These profits would, however, have a large and long-term effect for dance companies and independent dance artists of Ontario and subsequently of Canada. The cost of Ontario's hospital care for one day would sustain and assure the continuation and survival of dance in this province for many years to come.

The Ontario dance community, including choreographers, composers and designers, depends on dollars received through grants from the Ontario Ministry of Culture and Communications. Currently, financial restrictions mean there is only enough money to support approximately 46 per cent of applications received by the ministry. Far too often, qualified applicants do not receive funding, as program budgets are simply too small. Unfortunately, dance companies and independent dancers cannot rely on box office revenue to cover all of the costs related to developing their art in Ontario, a province which has a tremendous diversity of dance talent. Financial support is required to strengthen and enhance Ontario dance companies and independents.

Dance provides commercial, economic, technical, educational and cultural benefits to the people of Ontario. Tourism in the province is enhanced with wider exposure and awareness of its diverse and excellent cultural and dance activities. Dance is a source of pride and dignity to the people of Ontario.

Recommendation 1: The accumulated profits of the dedicated Ontario lotteries should be treated as a trust fund and the interest thereon should be

allocated on an annual basis for the support of culture, recreation, sports and fitness. Since these interest payments would be available on a continuing basis, it would be appropriate and acceptable that they be used to supplement operating grants and subsidies.

1010

Recommendation 2: One third of ongoing annual profits of all six lotteries should be allocated for support of culture, recreation, sports and fitness. These ongoing profits should continue to be used for capital projects and other nonrecurring purposes.

I would just like to add that it is ironic to find in today's national edition of the Globe and Mail that the National Ballet School, which is the highest-subsidized ballet school in Ontario and Canada, is obliged to start its own lottery to raise enough funds for its operation. Will this be the future for dance culture in Ontario?

That is the conclusion of my presentation. I thank you for your time and for this opportunity.

The Vice-Chairman: Thank you. Mr Dymond, do you have any additional presentation?

Mr Dymond: No.

Mr Reyecraft: Thank you for your presentation this morning. The proposal of the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario, as you have repeated it this morning, is that the interest from the unallocated surplus in provincial lottery funds be available for supporting culture and recreation programs and that one third of future surpluses from all lotteries be available for capital projects. It is difficult to tell exactly how much money that would involve this specific year, but estimates have been made that it would be somewhere in the neighbourhood of \$150 million to \$200 million.

The current level of provincial support through three ministries for culture and recreation is well over \$400 million. Now, not all of that \$400 million is being spent on lottery-based programs; I accept that. Are you not concerned that if the government agreed to the formula that is being proposed by the alliance, that the interest on the unallocated surplus and one third of future profits be a guarantee, governments might tend to reduce the other allocation of funds to culture and recreation programs; that because culture and recreation had a guarantee from lottery funds, there would be a tendency to say: "We don't need to allocate as many tax dollars to those programs, because they have that guarantee. Instead, we'll allocate the available dollars to hospitals, schools, social services or whatever other program we might choose"?

Mr Laughren: It is not a threat.

Mr Reyecraft: No, I am asking: Are you not concerned that the guarantee might tend to become the ceiling instead of the floor guarantee?

Ms av Paul: One would hope that the ministry would not look at it in this way. We would hope that there would be continued support and that this would be an additional way of strengthening that support.



Mr Reycraft: Okay. Two other quick questions, if I may. They are two that I asked a couple of times yesterday afternoon.

The day before yesterday Mr McLean suggested that instead of doing what the government is proposing through Bill 119, if it wanted to provide some lottery funds for hospitals, a more appropriate way might be to establish a new lottery and to indicate that the profits from that lottery should be dedicated to hospitals. Do you agree with that proposal?

Ms av Paul: Yes, I do, because I think the key is also that the people know where the money will go when they buy their lottery tickets.

Mr Reycraft: The other question is, the government, in its budget this year, announced that there would be a new lottery called Cleantario and that the profits from that lottery would be used for environmental cleanup projects. Do you think that is a good idea there would be a new lottery called Cleantario and that the profits from that lottery would be used for environmental cleanup projects. Do you think that is a good idea for the government?

Ms av Paul: I think it is terrific.

Mr Reycraft: So you do not really object to lottery funds being used for hospitals or for environmental projects as long as there is some kind of assurance to culture and recreational groups and that community in the province that they will get an adequate amount of funding?

Ms av Paul: That is right, and that the money that was designated in 1975 to arts, culture, recreation, sports and fitness would be handed to the purpose it was originally created for.

Mr Laughren: I did not want the witnesses to get tricked by Mr Reycraft with his silver tongue into thinking that you would be better off with this bill than without this bill. With this bill, it is very clear that the arts will be competing with hospitals. It is as simple as that. You can try to disguise it any way you want, which Mr Reycraft has been doing to witnesses before this committee, but I can tell you that what it says in the bill is that whatever is left will be spent on hospitals. That means you are competing with hospitals. That is what has gotten many of us very worried. I think you have every right to be worried.

Ms av Paul: We are.

Mr McLean: I would like to have a follow-up question on that. It appears to me that the parliamentary assistant is kind of coming around to some of our thinking with regard to these funds.

Mr Cureatz: He is going to have an amendment for us next week.

Mr McLean: I would hope that he would. Next Tuesday morning, I understand, he will have an amendment.

If one third of the lottery funds went to culture and sports, the other third to hospitals and another third to the environment, I am wondering if what they should be doing perhaps in the bill is spelling out what percentage each one would get; education could be another one. Or it could be two thirds as long as our groups get the one third. Is that fair?

Ms av Paul: I think that is fair, absolutely.

Mr Callahan: I gather that your group, as we have heard from other groups, wishes to have a third of the future lottery profits allocated. I picked up on that with Mr McLean over there and Mr Cureatz talking about it. Let me ask you this: If you took that on, if that were to be allowed and lottery profits were to decline, should I feel that that would be sort of a double-edged sword, that you would be locked into that third through either our government or any succeeding government? Does that bother you?

Ms av Paul: Lottery funds are by nature fluctuating. I think that having the base of the accumulated fund as a trust fund with its interest going to sports and recreation, culture and fitness, and having the fluctuating one third, we would be quite happy with that.

Mr Callahan: Are you aware that the government spent \$48 million on culture and recreation whereas the increase in lottery profits has only been \$15 million? Does that make any difference to you?

Ms av Paul: There were \$48 million from where?

Mr Callahan: There were \$48 million that came from the government, according to what I understand, in terms of funding for recreation and culture, whereas the profits of lotteries have only increased by \$15 million.

Ms av Paul: We are not asking the government to decrease the first funding, are we?

Mr Callahan: What you are asking for is one third of the lottery profits. What I am saying to you is that there is a danger that you may be getting less than you are getting presently from existing government funding.

Interjection.

1020

Mr Callahan: You are falling into the same boat as Mr Laughren. In any event, that is what I am telling you. I can understand where you and other groups are coming from. I think one consistent thing that every member of this Legislature understands is that culture, recreation, sports, all of these things are a very important fabric of Ontario society. I can understand where you are coming from too. You found that in the past, pre-1985 before the change in governments, this notional surplus you are talking about was built up. Quite obviously, the former government was not meeting its commitment as set out in section 9 because all it did was use the words—

Mr Cureatz: Yes, but they trusted us to give it to them.

Mr Callahan: All they did was save the money. They put in very neat words, "to be available," and the money never got really paid out as significantly as it might have. I understand that between 1985 and this point in time, the amounts for culture, recreation and sports and so on was somewhere in the neighbourhood of about 9.6 per cent, which is a pretty healthy allocation of moneys and I think it demonstrates that certainly this government was committed to those purposes. I guess I am not really asking a question, am I?



The Acting Chairman (Mr Fleet): Thank you very much. It was a very good presentation and obviously stimulated both questions and comments. We would like to thank for the time that you have taken to prepare your materials and to come here today.

Ms av Paul: Thank you and thank you for your time.

Mr Cureatz: I object to the unnecessary criticism of our party.

The Acting Chairman: The next deputation is from the Factory Theatre Lab and Dian English.

Ms English: We also have the chairman of our building committee who was supposed to be here a little bit early. He knows all the material I am going to tell you so I will get on with that and hope we have time for some interesting debate.

The Acting Chairman: You have 30 minutes. You can use some or all of it for your presentation. Obviously, if there is an opportunity, I suspect you will have questions or comments from members.

#### FACTORY THEATRE LAB

Ms English: I have written down some of my thoughts on it to try to get it in an orderly fashion. I am interested in talking to you about what you have developed over these hearings. I would like to start by thanking you for this opportunity to express the view of Factory Theatre on Bill 119. We are also the regional representative for the Toronto theatres for PACT, the Professional Association of Canadian Theatres.

Factory Theatre, as you may know, has been producing and promoting original Canadian theatre for the past 20 years in Toronto, as well as on tour across Canada and occasionally abroad. In many ways, Factory typifies the emergence, growth and success of original Canadian theatre over the past two decades. Parallel with the growth of skills, reputation and maturity of the Factory work, there has been a corresponding growth of audience and an ever widening participation from diverse sectors of the public. Since we moved to our current excellent facility at Bathurst and Adelaide, our audience has grown from an average attendance of some 5,000 people annually to over 40,000 annually for these original works.

Factory does not own this facility, however. We moved here in 1984 and have just completed our fifth season in this location. This past season, we finally paid off the \$638,000 renovation cost incurred by bringing the facility up to the provincial building code safety standards. We are now looking to the acquisition of this property. In the course of this progression, the province has played an important role, and specifically the lottery funds have been important and will be in future.

We first became aware of the misappropriation of lottery funds by the provincial Treasury in 1983. This was evident by the absence of resources in the ministry of the Conservative government. The subsequent Liberal government was indeed left with a difficult situation. However, this attempt on the part of the amendments proposed in Bill 119 to solve it could not have come at a less appropriate time. There have been over the past five years an extraordinarily pressing need for capital resources for arts facilities, for the professional but nonprofit arts sector.

I would like to say too that the Factory Theatre Lab and many of these other arts groups—I hope you are getting that impression—that are in need of capital funding are very keenly aware of the many demands currently being made on the provincial public purse, particularly in the area of social services, health, the environment, housing and education. These readily tangible needs are very clearly understood by the people in the arts, and certainly in our company. It is for that reason that we are here today talking with great earnestness about nailing down a percentage of lottery money in a vital area of government participation. In happier times, I believe we would be more forcefully talking about entrenching the arts percentage in the tax base.

Why does the government need to support theatres like the Factory after 20 years, you might ask? One of the fundamental historical principles on which the Factory was founded and to which the province has hitherto subscribed has been that Canadian theatre should be accessible to all Canadians. This accessibility principle has kept our ticket prices very low. The fact that you can see the best actors in the country for \$7.50 on a Sunday afternoon, that the school groups get in for \$8 or \$10 and that the elderly and community groups have discounts throughout the week is in striking contrast to the current commercial theatre. This has meant that our operations have to be supported by operating grants, and this comes from the tax base. We are not even talking about that. We are keeping the Lottario moneys clearly in the domain of capital and extraordinary things.

Once we have established a nonprofit charitable organization, this precludes investment entirely. While we have quadrupled our earned income since moving to this facility, we have also had to increase our fund-raising just to meet the operational costs, so in the capital building sphere we are necessarily reliant on the government will to participate in establishing these physical centres for the promotion and production of original contemporary work.

It seems to us while we look out at our audiences that theatres such as Factory are contributing successfully in a vital way to the health and quality of our society. We are pleased that the cross-section drawn to these activities has crossed economic, social, racial and political boundaries. We believe our own culture should be as accessible as the parks to the people who live here.

One final note on the \$102 million that was proposed to be given to recreation and culture, the paper I read: That was last season; I am not sure where you are at on that. Within the massively broad range of activities that are included here in the term "culture" and thereby these lottery allocations, it is misleading to think that the arts are getting \$100 million. I must say that generally around our theatre, people wish you would clarify this in the public statements that refer to culture. I can tell you that Wintario grants applicable to us have dwindled to \$5,000 for equipment every two years. This is unrealistic and quite simply cannot work.

We urge you to consider the implications carefully. While we would recommend the full back payment be paid out to recreation and culture as it was entrusted to the government Treasury, we would also agree to its being handled as a trust fund. We would recommend that you take one third of all the interprovincial lotteries to be allocated to this huge area of public benefit that you have put under the general banner of recreation and culture.

I hope that was clear.



The Acting Chairman: Thank you very much. Are there any members who want to ask a question or make a brief comment?

Mr McLean: How many are involved in your theatre group?

Ms English: How many—

Mr McLean: How many in the office? How many are there to oversee the total operation?

Ms English: Overall, it is about 150 and the office itself is probably 10; not just office workers.

Mr McLean: What amount of money last year would you have got from the lottery fund?

Ms English: The last thing we had was a \$5,000 equipment grant. We had to get a whole new lighting board and that was the ceiling. I think it was something like \$20,000 about 12 years ago.

Mr McLean: What did you apply for and what did you receive?

Ms English: The process, after you have been in business a while, is that you see what their budgets are and what their criteria are, and if their maximum is \$5,000, you apply for \$5,000. At the federal level, so far we keep applying for what we need but we do not get anything like it.

Mr McLean: But my question is, what was the total amount you applied for? What was the total amount you received?

Ms English: We applied for their ceiling.

Mr Callahan: And they got it.

Mr McLean: And you got it?

Ms English: Yes.

Mr McLean: Okay. That was what I wanted to find out.

Ms English: Yes, but I am just saying that \$5,000 on equipment is not really a very healthy participation.

1030

Mr Reycraft: Ms English, the principle of Bill 119 is that lottery funds, lottery profits should be allocated first to culture, recreation, sports and fitness and then to the Ontario Trillium Foundation. Then, if there is a surplus that has been unallocated, that surplus should be used for hospitals. In indicating your support for the alliance's recommendation, that one third of all lottery profits be used for culture and recreation, I assume you agree with the principle of lottery funds being used for purposes other than culture and recreation.

Ms English: I do not agree with their being used for vital purposes that should be in the tax base, quite honestly, the environment, health and so on. Lotteries are still in there; we have tried to put that in. We know it is funny money. It cannot be a huge priority of capital in the real budget. It is

trying to be brought in as a supplementary source of income because it has proved fairly reliable, and the arts are considered a little after you have food, shelter and clothing. We recognize that.

But no, and also at the risk of looking greedy, I would not subscribe to saying that health and so on should be part of the lotteries. I think they will be. I think that is fine. But I think we have to maintain some percentage that is still being allocated to the arts. I think that in practice, after recreation and culture, especially with this broad definition, what will be after? You could spend every nickel on recreation and culture and there would be no after, which would be dangerous for the health people as well, to be in on that basis. That is why we would subscribe to saying, let's delineate it. That does not preclude a tax base of some kind being allocated to the arts at the same time.

Mr Reycraft: The last point is certainly valid. If all of the projected profits from lotteries this year were applied to the operation of hospitals, the projected profit would run our hospitals for approximately one month. It would only provide \$500 million of a projected \$6-billion total operating budget.

I want to go back to the original question because I am not clear about what you think should happen to the other two thirds of lottery profits that would not be allocated to culture and recreation. The alliance's recommendation is that one third of the profits should go towards culture and recreation first.

Ms English: Yes, I understand. We are not privy to the whole budget and how everything is being covered. I understand arts and recreation to be a rather flexible area in comparison to other areas. As to what else you should spend the two thirds on, I really would not feel it was our place to give direction on that, except that we would accept that we would only get a third at this point. I think that is coming with a compromise already, obviously.

Mr Reycraft: The recommendation for a guarantee of the one third, as I understand the presentations that have made to us, comes from a concern that the government might reduce its financial support for culture and recreation or perhaps not continue to increase it. Increases over the last four or five years have taken total government support for culture and recreation from \$282 million a year to \$418 million. That is an average annual increase of 9.6 per cent. As Mr Callahan indicated to the last group, the increase in provincial support for culture and recreation this year in three different ministries is \$48 million. Lottery profits are only projected to increase by \$15 million.

Ms English: But you are including the tax base stuff in the \$48,000, are you? I was not clear when you said that.

Mr Reycraft: Are those two sets of numbers not indicative of government support for culture and recreation? Is that not strong evidence of the commitment the government is making to those areas?

Ms English: No. First of all, of the \$48 million in culture and recreation, is this also citizenship? Is it all this kind of tax-based ministry programs compared to taking it all from lotteries?

Mr Reycraft: It is for programs related to culture, recreation, sports and fitness in those three different ministries. It is not the total



increase in the budgets of those three ministries. That is an even larger number.

Ms English: Right. I find those very foggy in the sense that when you are talking about increases, to me that whole ministry stalled out in 1983. Looking at relative increases since then is very hard to judge. I know how we have grown since then, what the inflation rate has been and so on, so I think it is a bit hard to judge the real situation on percentage increases.

The Vice-Chairman: Before we go on to the next questioner, perhaps the gentleman could identify himself.

Mr Munro: I am Neil Munro and I am on the board of directors.

The Vice-Chairman: Mr Munro, did you have something further to add to the presentation by Ms English?

Mr Munro: This is a fast-breaking deputation and I really have nothing to add.

The Vice-Chairman: Oh, I see. I appreciate the position.

Mr Cureatz: I could almost forgive the parliamentary assistant who tries so hard to toe the party line, but as I indicated the other day, if he had any spunk he would assure us, as he indicated and my colleague confirmed, that on Tuesday he would be bringing forward amendments to try to waylay the fears that many of these cultural groups have brought forward to us, that they want a specific designation of funds so that they are not left to the whims of the Treasurer.

But going beyond his hope of succession into cabinet, because I can assure him the Premier (Mr Peterson) is not sitting in his corner office watching his display on television and giving him six out of 10—

Mr Fleet: How do you know?

Mr Cureatz: —and if he were, he would squirm because he too is a lawyer unlike yourself, although he admits that he is not much of one. He would probably scratch his head and wonder why you would ever say in terms of the act, section 9, that there is a priority given.

I may be at fault, but we have three Liberal lawyers across the way. Does this mean that when legislation is written in priority of (a), (b) and (c), that is the way it is supposed to be interpreted? I say to my learned colleague the member for Brampton (Mr Callahan), if under the Criminal Code—

Mr Fleet: Is this a question?

Mr Cureatz: It is to the parliamentary assistant. He indicated to us that the priority that is set is under section 9, with clauses (a) and (b) and in the conclusion with the hospital funding.

I do not think that in an interpretation in front of a court, that is necessarily the way in which the government has to follow the specific designation of funds. As my colleague the member for Nickel Belt (Mr Laughren) has often said, what is going to happen is that the high-pressure priority of giving out funds to the hospitals is going to take the priority, and although

it is listed (a) and (b) and a final paragraph, it is going to be the final paragraph first and then maybe something for (a) and (b).

Mr Chairperson, I would like the parliamentary assistant to maybe confirm to us, if not immediately then later on next week, if indeed his legal interpretation is that the manner in which this is written is so that the priorities are given as (a), (b) and then for hospitals. I would suggest to him that is not necessarily the case as he indicated earlier in his questioning.

Mr Reycraft: Do you wish me to respond?

The Vice-Chairman: Do you wish to respond or take it as notice, Mr Reycraft?

Mr Reycraft: The proposed section 9 very clearly indicates in the latter part of the clause that it is only the money that is not so allocated, to culture and recreation and to the Ontario Trillium Foundation, that is going to be applied to the operation of hospitals. The member for Durham East (Mr Cureatz) knows very well the kind of pressure that the government is and has been under to provide additional funds for hospitals and for health care in general. I cannot imagine that pressure could ever be greater than it is at the present time.

Despite that kind of pressure, the support for culture and recreation programs in three different ministries has been increased by \$48 million this year. I submit to him that is very clear evidence that pressure for additional funds for hospitals does not have to take money away from culture and recreation. We recognize the fact that culture and recreation are not only essential in the same way that health, education and social services are in this province, but also that culture and recreation are a part of all of those other things, and it is important that the government maintain its support for it.

Mr Cureatz: I will gladly reply. He has not answered my question. Talk about being the silver tongue. I would like some specific judicial interpretation and I am waiting for my learned Liberal lawyers on the other side. Is it true that in the way in which this is written, it is a fortiori that it is one, two, three. I think not.

1040

The Vice Chairman: Perhaps the answer will be forthcoming. They are all on the speakers' list and they all wish to have their comment. My next questioner, though, is Mr Laughren. Are you deferring your position at this time?

Mr Laughren: I will pass at this time until I get the answer.

Mr Fleet: I think Mr Reycraft did, in fact, respond and he responded accurately to Mr Cureatz; but before I get into that, because this is becoming a kind of debate, I would like to say I appreciated very much your presentation. I hope you do not mind too much watching the debate, as opposed to responding to questions.

Ms English: No, it is all very entertaining.



Mr Fleet: But since it is sort of going this way and before Mr Cureatz disappears from the room, the provisions of section 9 are, I think, quite clear. They indicate that there is an obligation to deal with the net profits of the corporation in a two-stage manner. The first one is that payment will go into the consolidated revenue fund and will be available for appropriation, that is the phrase, and then it lists two categories. One is the promotion and development of physical fitness, sports, recreation, cultural activities and facilities. The second category is the activities of the Ontario Trillium Foundation.

As between those two categories it does not state a weight in favour of one over the other; it really just says that it has to be available for appropriation for those two categories. The second stage is that with any net profits that are not appropriated the surplus shall be applied to the accounting process, essentially, for monies appropriated to the operation of hospitals.

I think what it does is accurately state the intention of the government that the first consideration would be for groups such as yours and the other groups that are coming before us. The process that takes place now is essentially that process: that groups come before the government and may make application for funds in respect of the lottery funds, as you have mentioned, where you apply. You would like to be able to qualify for more, is what I heard. I appreciate that very much and I think that is the kind of information that is useful to the government. You also might apply in a given year to programs that are not based on the lottery funds per se but come out of general tax revenues. If I understand you correctly, you want to be sure that there is going to be an ability to access those funds as well, and other groups have told us that.

There is nothing in this bill which denigrates that process at all, as I read it or as I understand it. Moreover, I have not heard anything from any source that would suggest that this bill is designed to herald a cutback or an alteration of the process; quite the opposite.

What I understand the bill intending to do and actually doing is to say that groups are going to come forward and there will be criteria under any given program and the giving of money according to the priorities of the government will take place as it ought to and that there is a considerable weight given to the importance of activities of your group and other groups. I know I am committed to that; I know my colleagues are committed to that; and even though from time to time priorities may vary with the opposition members, I think even they are committed to that. So I cannot imagine the circumstance arising where the worst fears, if I can put it this way, would ever be realized: where all of a sudden there are zero dollars coming forward.

Ms English: There have been, in other times, zero dollars. That is why we want some kind of formula for it.

Mr Fleet: I cannot imagine that happening at this point with the lottery. There is some thought that the lottery dollars would drop to zero. I do not think this is a question at all of pitting arts against hospitals, although there are some members who make statements to that effect. I understand the politics of why those comments are made. I really do not believe that is what this does at all. By putting it in a two-stage process in section 9, the government is making clear that it intends to recognize that

there is a consideration to be given. So the primacy of the consideration is there.

Many groups are coming forward and talking about getting a guarantee of a percentage of certain revenues. The government is saying: "We don't want to be tied in a negative way if lottery money drops off. We're not saying that you ought to drop off with it." That has been brought up with a number of groups.

I think what is important is to try to evaluate as best we can what is needed, given the resources, and to allocate as much as we can. There are going to be other demands on the government at all times, as you quite properly recognize, but that is not taken away in section 9. We are not saying, "Here is our excuse now to chop away at the arts programs." In fact, as you have heard as well, the record of the government is exactly the opposite; the increases are twice the rate of inflation.

Ms English: I understand that.

Mr Fleet: That is the rationale of the bill. As I understand it, that is the legal response which Mr Cureatz said he was looking for. He can continue to look and get other legal opinions as he likes.

Ms English: If I could just respond to that, I understand that and I am very glad to hear it detailed, and I totally credit it to this current government. I think the problem is, when you step back and say, "You and recreation get all the lottery money in law; now, you do not." That is a cutback to us simple-minded folks out here. Then we say, "How much do we get?" and you say, "Well, we'll see what you need." Well, I would like \$2.5 million now. You will never hear from me again.

Mr Fleet: Yes, of course, but the existing legislation, as I understand it from all the groups coming forward, was sold to you that way.

Ms English: Yes.

Mr Fleet: That is not what it says. The existing legislation uses the wording—

Mr Callahan: Very clever: "to be available."

Mr Fleet: Yes, "to be available." It does not say there is a trust fund set up. It does not say you are going to get X or Y dollars a year. It does not say you are going to get all the money.

Ms English: And in point of fact, it was not used that way in this specific point in time. That is why we recognize that difficulty and we are interested in getting some solution.

Mr Fleet: That is right, it was never done that way. However it was sold to you. I cannot help now, other than to say that is not what they put in the legislation. We are now trying to regulate in an open, above-board and available way and we are telling people what we are doing as we are going. That is one of the reasons I am very pleased that you came forward to tell us about your organization and your experience. It is quite helpful.

Mr Callahan: You will be relieved to know that I am not going to



repeat everything Mr Fleet said, but I agree with it. I was almost inclined not to take the bait from Mr Cureatz, but I think perhaps I should.

Mr Carrothers: He has disappeared now.

Mr Callahan: No, he is around here. He is listening someplace.

I understand where you people are coming from in all the groups, because as I said before, everybody in the Legislature, to the letter, believes in culture, recreations, sports and arts. They are very important to our community.

But, having recognized the marvellous way that the former regime took all the money and put it in the consolidated revenue fund, and because it built up a notional surplus of \$4 million, or \$6.1 billion, depending on whether you take all the lotteries, interprovincial as well as intraprovincial, you have to recognize that they certainly were to be available. In fact, they were to be available, at least \$400-million worth or more, for other purposes, because you did not get it. I can understand that would create in the minds of people who were equally concerned, who were actually in the trenches in these activities, the concern that future governments might do the same thing.

I think you can forget about the notional surplus. That went into the consolidated revenue fund. We inherited that, and perhaps that was used for exotic things such as Suncor or Minaki Lodge, these major investments. However, we have invested it and I think the two steps in this bill are that we are going to say "No more fooling around" to the people out there. The notional surplus does not exist, so why create the impression that it does?

My friend Mr Laughren keeps trying to say we stole it. We did not steal it; it is not there. The previous government used it for whatever purposes.

Mr Cureatz: Come on. It's been five years now.

Mr Callahan: See, he is getting exercised as I get my chance.

1050

Mr Cureatz: I could give my view how you got there in 1985.

Mr Callahan: All right.

Then, coming to the question of your concerns—and I think I appreciate them; I think everybody here does—in fact we have said, as Mr Fleet has indicated, that the priorities are A and B. The Ontario Trillium Foundation is just something to give legal meaning to a deal that was made with the charities to get them out of the field.

Ms English: Are there limitations on the Trillium too? This is another thing that crops up in there.

Mr Callahan: I think it was \$15 million, but I may be mistaken. I think that was the deal they made.

Ms English: That has gone from \$12 million to \$17 million.

Mr Callahan: They made the deal and it was not legislated, so that is all B is.

So you are looking at A, really, which puts the emphasis on exactly what the emphasis was on before. All it says is that if there is a surplus, then it goes to hospital operations. The former bill under the former government did not tell you where the surplus went; it just said it went to A. Of course we all know that with a surplus of \$400 million, they must have put it someplace. We are telling you where it goes and I think in that respect it is a much more upfront arrangement. You know where it is going. Now, there may be no surplus.

The concern I have about groups coming forward and asking for a third—and maybe I have said it before—is the concern that if lotteries fall off or you get a flood of lotteries coming in and depleting the number of government lotteries there are, you are in a position where some government could tell you: "You took a third and now you are stuck with it. That is all you get." That is a double-edged sword.

Mr McLean: You are talking about minimum.

The Vice-Chairman: We are not asking you to respond to that.

Mr Callahan: It may be that it has been asked as a minimum but still, it gives a government the opportunity of saying, "That is it; you do not get any more." As was pointed out—and the gentleman was not here when we pointed it out—the increase from this government has been \$48 million in funds available for culture and recreation in this year alone, whereas lottery profits have gone up only \$15 million. So you run the risk of getting into a much smaller pot if you want some sort of percentage or fractional amount put on it.

I think we all know where you are coming from, we all know your concerns and we are trying to achieve them in a straightforward and upfront way, despite the assertions that are made and the nasty names we are called in terms of the notional surplus or in terms of the bill itself. I feel comfortable with the bill.

Mr Cureatz: I guess we had better pack up.

Mr Laughren: I just did not want this delegation to go away having been talked at by the slick, fast-talking, big-city Liberal lawyers on the other side.

Ms English: You are both pretty good.

Mr Laughren: Just so it is very clear, I want to tell you that there is nothing in this bill that guarantees a thing for culture and recreation, not a penny.

Secondly, this pits the culture and recreation organizations against hospitals. That is absolutely clear because the funds are to be divided. It does not say that culture and recreation or the arts organizations will get any guarantee at all, absolutely none. It just says what they do not get will go to hospitals, so if the hospitals put on the heat, they will get a bigger share. It is as simple as that and I do not think you should be taken in by it.

Ms English: It is certainly perceived in the media that way. I am just concerned that if you throw environment in there as well, you will say,



"Arts and recreation will get this or culture and recreation, and any surplus will go to hospitals and the environment." But there is no way you can be saying that to them. They will not just wait and see if there is anything left.

Mr McLean: I do not have too much to say, because Floyd really said what I wanted to say. There really is a guarantee for nothing in this bill and that is really where the problem is. The problem with a lot of delegations coming before this committee is that they have lost trust in the government and they do not take its word for anything any more. It is the same government that had a specific plan to lower insurance rates, which have gone up about 18 per cent.

Mr Cureatz: Or Sunday shopping.

Mr McLean: Sunday shopping is another. They heard all the delegations and they were opposed to it, so they carried on and passed the legislation anyway.

Ms English: You cannot say that with us here, that we are disillusioned because of that.

Mr McLean: Mr Callahan has just indicated that he agrees with the bill the way it is. We strongly oppose it the way it is, as do all the groups that have come before us. So we are sitting here doing this procedure, this charade, and the bill is going to pass the way it is. That is what I am beginning to hear. I thought Mr Reyecraft was very sympathetic to our position and he would be bringing in an amendment next Tuesday.

The Vice-Chairman: You have a right to respond as to whether you are disillusioned or not.

Ms English: You have been at this for quite some time and will be for some time more. I think it will hopefully boil down to something like a minimum, some kind of formula that would reassure everyone. Where the doubts and fears of government have come from is just history all across political boundaries.

The Vice-Chairman: Our next witnesses are from the City of Mississauga. We have Frank Dale, acting mayor; Ian Scott, commissioner of recreation and parks, and Mark Neeb, director of recreation and parks.

We have your submission. You have 30 minutes. You can consume all of it with your presentation or, as you can see, you can be subjected to a little cross-fire. So you are welcome to proceed.

#### CITY OF MISSISSAUGA

Mr Scott: We thank you for the opportunity of coming forward and telling you how Mississauga feels and passing on our position. I would like to introduce on my right Councillor Frank Dale who is our acting mayor. Our mayor is on the Via Rail task force in St John, New Brunswick and if all goes well she may be able to take the train home. On my left is Mark Neeb who is on our staff. Mark is a past president of the Society of Directors of Municipal Recreation of Ontario and a past chairman of the Parks and Recreation Federation of Ontario.

You have our handout and I would like to go through it and then naturally we would be pleased to answer questions or elaborate on anything you wish.

Why is Mississauga opposed to Bill 119? In its 1987 community recreation policy statement approved by cabinet, the provincial government recognized and confirmed its obligation to "provide financial assistance through a variety of programs to municipal governments and other organizations for the development of recreation services." The statement challenged municipal governments "to intensify their efforts to stimulate joint planning, information exchange, program evaluation and the co-ordinated development of resources among all groups and agencies providing recreation services so that opportunities and resources can be enhanced and optimized."

Mississauga is responding to this challenge and expects the province to also follow through on its commitment. However, the virtual flat-lining of lottery grants during the past three years, despite a corresponding period of unprecedented escalations in land and construction costs and upwardly spiralling inflation pressures, particularly in the Golden Horseshoe area; the nonfunding of the Community Recreation Centres Act grant program; the prorating of funding of regulation 517 grants; the potential negative impact of proposed Bill 20, An Act to provide for the Payment of Development Charges, which in its present format would exclude costs related to rolling stock such as park vehicles and tractors, arena ice resurfacing machines, furniture, fixtures or equipment such as refrigeration systems and pool filtration systems, and finally Bill 119 which virtually pits recreation versus hospitals, do very little to fill the hundreds of thousands of recreation practitioners, volunteers and participants in this province with confidence concerning the government's commitment to providing adequate financial assistance to the field of recreation.

Recreation opportunities for citizens in each municipality in this province are major contributors to the front-end component of the total health care system. Hospitals take care of people after they get sick; recreation opportunities assist people to stay well by providing them with activities and experiences to reduce stress, enjoy life and increase levels of fitness.

#### 1100

There is no question as to the importance of hospital care for Ontario residents. That we understand. However, concentrating on only this component of the health care system is narrowly focused and will ultimately continue to cost more money in the future. If the province were to take a leadership role by recognizing recreation as an essential service, an essential link in the total health care spectrum, its front-end attack on the current hospital crisis would be enhanced.

The notion that the unallocated profits from the dedicated Provincial Ontario lotteries, totalling approximately \$369 million, is surplus is, in our opinion, a myth. We know that between 1986 and 1988 the Ministry of Tourism and Recreation received 3,232 justifiable and eligible grant applications totalling in excess of \$180 million. The provincial government approved 1,523 applications, or 47 per cent, totalling just over \$79 million, representing 44 per cent of the justifiable and eligible applications. Once and for all, members of the committee should know unequivocally that the \$369 million which was allowed to build up since 1975 is not surplus. The government has simply chosen not to allocate it.



Although we are being forced to talk about money at these public hearings, this issue is much bigger than dollars and cents. It is about quality of life. Ontario and, for our part, Mississauga residents have a right to expect open space for their leisure time and quality recreation programs and facilities for their active individual and family time pursuits. People in the field of recreation are not asking the provincial government to fund recreation at the expense of hospitals. What they are suggesting is that provincial support must recognize the essential service which recreation provides to all residents in our province.

The Parks and Recreation Federation of Ontario submission was presented to you just a few days ago and focused on health and wellness; the environment; the learning of essential life skills; the social benefits to the family unit, youths, ethnic communities, the mentally and physically challenged and the elderly; and the \$7.3-billion impact recreation provides to the provincial economy in 1984 dollars.

Recreation is not just about arenas, gym shorts and whistles. Recreation truly is an essential component of the fabric which makes Ontario communities what they are. The provincial government has recognized this fact in its community recreation policy statement. Continued good leadership is further required to ensure that appropriate funding, indexed to inflation, is always in place so that the quality of life experience by Ontario and Mississauga residents is second to none.

So we come to our position, Mr Chairman and members of the committee. The following recommendations were approved by resolution of city council at its meeting of 16 August 1989 and I must say to you that this recommendation came only after a great deal of discussion, scrutiny and salesmanship by our staff to our council, because they too recognize the importance of health care and the priority of health care in this province.

Mr Cureatz: Well, it is funny that the Liberals do not.

Mr Scott: In fact, we were asked to go back to rethink our position somewhat.

Mr Callahan: That's right. You just continued to ignore them.

Mr Scott: Part of this will not be new to you. Our recommendations are as follows:

(a) That one third of all ongoing annual profits from all six lotteries operated by the Ontario Lottery Corp should be allocated for the support of parks, culture, recreation, sports and fitness in Ontario so as to ensure that a minimum funding guarantee is preserved. In addition, the city of Mississauga supports the allocation of two thirds of all lottery profits to the operation of hospitals, in recognition of the ongoing high-priority needs for funding in this area.

(b) That the accumulated and unallocated profits from the dedicated Provincial Ontario lotteries, approximately \$369 million, be treated as a trust fund so that the interest can be allocated annually for the support of parks, culture, recreation, sports and fitness. This interest is to be split equally between the culture and recreation sectors, so that specific high-priority projects can be undertaken.

In summary, and then my friends here may wish to comment themselves, I

would say two things. We see Bill 119 as the foot in the door and we are concerned that the steamroller effect may one day result in a substantially reduced commitment to recreation in the province and a commitment on funding to that essential service. That obviously concerns us.

We feel that what we are presenting here is a realistic compromise, a compromise that will ensure a guaranteed level of funding and one which respects the various priorities in the province at this point in time but also respects the important role of recreation.

Those are my comments. Mark or Frank, do you care to comment?

The Vice-Chairman: Thank you, Mr Scott.

Mr Neeb: The only additional comment I would like to make is that the minimum guarantee, some type of guarantee, is extremely important and I hope that has been articulated and it will be articulated throughout the course of these hearings.

Mr Callahan indicated earlier that the existing Ontario Lottery Corporation Act bill is in fact ambiguous and he is quite right. For that matter, if the government decided to allocate \$1 to recreation, I guess legally the technicality is such that it would meet the requirements of the bill at this point in time.

We applaud an effort to remove the ambiguity of the actual bill as it exists today, and that supposedly is one of the goals of the existing changes in terms of section 9 of the Ontario Lottery Corporation Act through the introduction of Bill 119.

But quite frankly, the introduction of the new clause does nothing to remove the ambiguity. In fact, it adds to it. There is not a single cent of guarantee to recreation. In fact, now it removes the dedication, and although the intent is to continue to provide adequate levels of funding of recreation at this time—and that is being articulated and we heard it being articulated earlier on by members around the table—quite frankly, if it comes to push or shove in terms of whether hospital care should get dollars versus recreation, there is no question as to who should be getting that funding out of the lottery dollars.

We are talking about hundreds of millions of dollars and when people out there in the community hear that, they say, "Jeez, that's a lot of money." But we all know how much hospital care and health care in general is costing in Ontario. It is a massive, important crisis that is going on in the province and we recognize that, but when you take a look at the dollars we are talking about, if all of the dollars from the lotteries were allocated to hospitals, the health care system, and specifically allocation now to hospitals, would in fact exhaust that in about five days, given that it costs \$1.25 million—and counting—an hour to operate the health care system in Ontario.

We are not talking about a lot of money, in essence. We think the one third is just good, solid leadership on the part of the government to show front-end funding to ensure, as we have indicated in our brief again, that the dollars are there up front to ensure that people stay well, that they enjoy family life, that they enjoy the opportunity to continue to remain fit or get fit and certainly to reduce stress in this ever-growing stressful world that we live in. We feel that a minimum guaranteed commitment by the existing government of Ontario is a great solution to ensure that that happens.



The Vice-Chairman: Thank you, Mr Neeb.

Councillor Dale: On behalf of the city of Mississauga, I just do want to make the position clear that we, as a municipality, do recognize the importance of the hospital care for Ontario residents. However, we do feel this bill pits hospitals versus recreation. I think both the staff members here have expressed our position well and council recognized that.

We are concerned when there has been money allocated in the past to support recreation and there were moneys, profits from the lotteries as well there, and only 44 per cent of the total amount of money that was allocated for legitimate programs and eligible programs was not spent on recreation. I think Mr Scott expressed it well when he says this government has created a myth with respect to the surplus. We strongly feel that that money has probably already been spent, and probably on hospitals.

The other thing we are concerned with as well, and having both my associates here, staff members have expressed it well, is that we are concerned, if this bill is passed, about the reduction of recreation that may be upon us in the future and how in the long term the residents of all of Ontario may suffer from the fact that although more moneys will be going to hospitals, the need could have been served better through recreation programs and assisting people with stress, as an outlet. Possibly a person who was healthy would not have needed the care down the road. As Mark expressed it, with the health costs today, how high they are could have initially been stopped by providing more recreation programs.

I commend both my members of staff here for presenting this to you today. As well, I am pleased with the opportunity to be here myself on behalf of the mayor.

1110

The Chairman: Thank you. I have six on the speakers list. If we could confine our questions to concise statements and questions, it would help.

Mr Sola: I am pleased to see Frank Dale here. I think he is a little bit easier to handle than the mayor. I think the mayor could be on the warpath.

Mr Callahan: Going back to the city tonight?

Mr Sola: Yes. She knows that; I tell that to her.

On page 1 of your brief, you say "the virtual flat-lining of lottery grants during the past three years...." That seems to contradict what the parliamentary assistant has been saying in this committee throughout, that lottery grants have been increasing by 9.6 per cent for the last four years, if I take it correctly. I do not know where you obtained your figures, but there is a discrepancy between what has been presented in this committee—

Mr Reycraft: If I may, I do not want to leave any misconception with Mr Sola. What I indicated was that government support for culture and recreation through the three different ministries that deliver those programs has increased steadily over the last five years by an average of 9.6 per cent per year. I was not speaking specifically of lottery-based grants from those ministries.

If I could ask, while I have interjected, have we requested the three

ministries, Tourism and Recreation, Culture and Communications, and Citizenship, to provide us with information on what lottery-based grants they have allocated for each of the past few years?

The Vice-Chairman: I understand that was a request that was made the first day, but I will have to get back to the chairman to find out whether that request has actually gone forward.

Mr Reycraft: I think Ms Anderson wants to respond.

Ms Anderson: It is in process at the moment.

The Vice-Chairman: We do not have it at the moment.

Mr Sola: That clears up a part of it.

Second, I would like to handle the myth component. I look at Bill 119 as a housekeeping bill, and it is directly related to this myth that you are talking about. The surplus is a myth, and the responsibility lies with both governments, from the inception of the original lottery bill to the present one.

I think what the Treasurer (Mr R. F. Nixon) is trying to do with this bill is to open the books to the public so that there is not the necessity to have an asterisk beside this nominal surplus and keep explaining it away. I do not think he is willing to accept the responsibility for what the previous government has or has not done with the funds that have supposedly accumulated. He wants to take responsibility from the day that this bill is passed that whatever funds come in, whatever allocations are made, the books will be clear. Anything not allocated will be spent on hospitals.

But I think the way things are presently, everybody talks about a trust fund being created from a surplus, and when you state that the surplus is a myth, to create a trust fund out of a myth—what would you get from it? What would be the profit or the interest on something that is nonexistent?

Mr Callahan: You would get a "myth-trust."

Mr Neeb: The reason we use the word "myth," and we chose that word carefully, is that the fact of the matter is that it has never really been expressed, maybe until these hearings have taken place, that the money has actually been spent. That has never been really communicated to the residents of Ontario.

It is kind of interesting when you hear that when lotteries came into being in the first place in 1975, some of the people around this committee table, I am sure, will remember that that was a hard sell. Even selling the Ontario Lottery Corp situation was a hard sell. The mindset in Ontario at the time, quite frankly, was that we should not have been getting into lotteries. The fact that they would be dedicated to recreation sold the day at that point in time. In 1975, if it had been known that the lotteries would be set up to fund hospitals, lotteries would never have been introduced in the province.

The bill, unfortunately, is ambiguous, but without doubt it was always the intention of that bill, going back to 1975, to ensure that the dollars collected through lotteries—and who would have known they would grow to this extent—would have been dedicated to recreation.



If you talk to the recreation directors in the province or anybody who has dealt with these dollars in the past, there has never been any type of question in their minds as to where those dollars should have gone. So the fact that the money has been spent really opens up a lot of questions. The intent is not to put the finger on anybody and whose government or whatever, but where did the government decide to spend that money without consulting with the residents of Ontario who determined that the dollars should go to recreation in the first place?

There is a question here still. It is fine to say, "The money is all spent," but another important question is, "Why did it get spent?" How can we simply allow that to be introduced as a fact and then forget about it? As far as recreation people are concerned, the money is still there; it should still be there. Maybe the money that was put in the pot at the time was spent, but hopefully it will be put back where it belongs, from other sources or whatever, if it is necessary. That is why recreation people are all coming to this table and talking to you about a surplus. They honestly believe there is a surplus.

Mr Callahan: I would like to ask Mr Dale a question. You have been on council for a while. Have you ever experienced the situation where you sat down for your budget deliberations and earmarked a specific amount of your tax revenue for a specific thing; in other words, set it up for ever as 20 per cent or 30 per cent?

Councillor Dale: When we present the budget, we do not do it for ever; we do it on a short-term or long-term basis such as five or 10 years.

Mr Callahan: Sure. So you address the needs of the day and you do the same thing that is discussed here. It is appropriation; you appropriate the moneys that are required to meet the particular necessities of the day.

Councillor Dale: Right. Yes.

Mr Callahan: Would you not agree that it could be somewhat dangerous to set parameters of a certain part of your budget being for X for future years? Would you not agree that that would be pretty unusual budgeting?

Mr Scott: If I may, although we do not place percentages on certain projects, we have a number of reserve accounts that we set up for special major projects. In my mind, that is quite similar to what you are suggesting, with the exception of a percentage not being placed on it.

Mr Callahan: Are those reserve accounts sacrosanct and not available to any other particular type of expenditure that might come up in years following?

Mr Scott: They certainly are in my mind. Obviously Mr Dale can speak for himself. I would say yes.

Mr Callahan: Okay, but you would not create those reserves and say, "That reserve in its totality or some fractional portion of it is available only for this one thing," would you? You would not do that; that would be bad budgeting.

Mr Scott: It is an understood matter. I think that would be the response. I do not think we have passed any bylaw, other than our budget bylaw, suggesting that any particular reserve would be exclusively used for

any one use.

Mr Callahan: You agree with me, though, that that would be a dangerous or certainly unusual type of budgeting, to do that. It would actually create a situation where you would not be free to meet the needs of the community in future years.

1120

The Vice-Chairman: I think you have your answer, Mr Callahan.

Mr Callahan: I just want to ask one more question. You are the first group, and I can understand it, because Mississauga, as much as Brampton and Caledon, being growing communities are very concerned about the question of hospitals and so on, and with the impact, perhaps, of Bill 20 looming there before a committee—you have actually said one third for recreation, sports, culture and two thirds for hospitals. You are the first group I can recall that has come forward and said that. Most of them have said a minimum of one third, and you people have actually said one third/two thirds.

Recognizing that and recognizing, despite what your recreation director has stated, that this notional surplus is not there—it was used, obviously, for who knows? It might have paid off the Suncor shares; I do not know, but it was used—Would you not be concerned, if you were talking about just the third, that in the future, if lottery profits were reduced as a result of other people coming into the lottery field or the increase of bingos taking money from lotteries, that those very worthy causes—and I do not think there is a member of the Legislature who does not agree that culture, recreation, sports and so on are important pieces of the fabric of Ontario—would allow a government to say: "You took a third. Profits are down. Tough, that's what you get"? It is a double-edged sword; it works both ways. You could be caught in that conundrum.

Mr Scott: That is a very good point, but I guess the view of the field is that it is certainly the lesser of the two evils to have some sort of guarantee and a status, if you will; to recognize the importance of our field versus not having it. What you are suggesting could conceivably happen, and that is recognized.

Mr Callahan: Particularly with your resolution, because your resolution is not a minimum.

Mr Fleet: There are two questions I want to pose. There was a comment made a few moments ago about what the original intent of the government was. I would suggest that if you wanted to determine the intent of the government you would look at what its actions were, and as I understand, from the information we have had provided, this notional surplus started to commence in year one. It is one thing to say that you were never told; that has been made pretty clear by groups coming forward, that they were told one thing while the government did something else starting in year one. But from the information I have found, starting in year one they did not intend to spend the money and have a physical surplus. So if you want to look at what their intent was, I guess their actions speak for themselves.

We are left with a mess that we are now trying to clean up. That has not stopped us from increasing spending in the field, and we have. I will not reiterate those numbers that have come out already this afternoon.



What I would like to focus on in your presentation is that to the best of my recollection it is the only time we have had a group make a suggestion that with respect to lottery funds the government was receiving applications that were meritorious and were being deliberately rejected for the purpose of not spending the money. In fact, you have alleged that from 1986 to 1988 there were over 1,700 involving over \$101 million. What I am really curious to see is where you gather that opinion from. What is the evidence? Where are you getting that information? The more you can fill in about that, the better I think this committee will be.

Mr Neeb: This information is fact. It was requested from the Ministry of Tourism and Recreation by the Parks and Recreation Federation of Ontario. The information was provided to us by the ministry as a result of its acquiring it through the Treasury, through Mr Nixon's people.

You have indicated, Mr Fleet, that they have been not allocating it on purpose. I do not think we said that. I think what we said is that we have simply stated the facts; that is, that only 44 per cent of all eligible, justifiable grants were in fact funded. We are telling you that information to let you know that there is a lot more that should have been funded because they met the criteria of the grant applications.

There will be some people around this table, and perhaps others, who may state to you during the course of these hearings that there are all kinds of grants that are applied for that are superfluous, that are perhaps not worthy of consideration, so we have eliminated those altogether. It is like anything else. There are obviously some people who will make grant applications that perhaps are not as strong as they should be, so we have eliminated them. All we have identified for you in this brief—and the Parks and Recreation Federation of Ontario has also, by the way, in its brief, and that information again came directly from the Ministry of Tourism and Recreation—is those specific grants which clearly met the criteria of the grants applications that were sent out to the province. It is just that simple.

Mr Fleet: I am not so sure it is that simple. I hear what you say, but the use of the word "justifiable" is one that says in your opinion, at least. Are you saying there is a document where the government has said: "This is justifiable. We're not paying it anyway"?

Mr Neeb: They have not said that they are not paying it anyway, but the document is clearly the criteria for the grants; that if you meet all these criteria, we consider them to be eligible. By that also they are justifiable in that they meet all the criteria that have been put forward in order to get grant funding.

Mr Cureatz: On a point of order. I was very cautious about time. You have allocated three Liberal members the opportunity of questioning, while my own critic—The time is almost up. I have been restraining myself from interrupting these witnesses, and you are still not allowing the opposition any opportunity of embarrassing the government for this lousy bill.

Mr Fleet: With respect, I want to respond to the point of order, which I am entitled—

The Vice-Chairman: Mr Fleet, it is a point of order and I will rule on it.

Mr Cureatz: He is the chairman. He allocates the time, not you.

Mr Fleet: I am entitled to respond to the point of order.

Mr Cureatz: If you want to be the chairman, go talk to Mr Peterson.

The Vice-Chairman: It is nondebatable.

Mr Fleet: It is not nondebatable, Mr Chairman.

The Vice-Chairman: It is nondebatable at this point.

Mr Fleet: A point of order is not nondebatable.

The Vice-Chairman: At this point it has been raised and I will rule on it. He is right in that the rotation has not been followed and the next questioner is Mr McLean. We are running out—

Mr Fleet: With respect, I have a separate point of order, then. The point of order I wish to raise, which I was about to get to had I been allowed to respond to the other point of order, I suppose, is that I wish to request information that has been raised, which we do not have time—I cannot get into all the information now, but I would like to get information and perhaps through Ms Anderson we can get the information that apparently originated with the government that is being talked about by this deputant.

The other thing I would like to say is that if there is a problem with the time from the opposition, I have no problem extending the time available, if asked.

The Vice-Chairman: In fairness to the following deputations, we do not do that. There is a set time for each deputation, and on this basis, Mr Fleet, there is an opportunity later, at the end, to request specific information. We will do that. I am as conscious as you are that that information is in front of us.

Mr Fleet: I am indicating what I was going to do, Mr Chairman.

Mr McLean: If the government members were on their toes, they would have got all this information from the ministry beforehand.

In the last five years the profit from the corporation has probably increased threefold. You seem to have a lot of figures with you, and I am wondering if that would be correct. What percentage over the last five years have the profits increased?

Mr Neeb: Unfortunately, I cannot give you an accurate figure in terms of threefold or whatever. They have increased substantially. Quite frankly, fortunately they have increased, if the moneys were all allocated. In this superheated market in southern Ontario, and for that matter throughout Ontario, construction costs for recreation facilities, program costs, have escalated to such a large degree that these dollars are in fact required.

Mr McLean: I would think it would have increased 20 per cent a year; that would not be much out of line. The government gives out a 9.6 per cent increase over the same period, but I would have to indicate to you that I believe that most of that increase has gone for administration.

With regard to the surplus: From what we are gathering, there is no surplus at all. I was hoping the parliamentary assistant would be able to



clear this up once and for all, but the question I want to put to you is: Do you feel the government's priority is hospitals or recreation at this time? What do you feel is their number one priority?

1130

Mr Neeb: Let me give what is probably a political answer. We think health care is a priority of the government, but we also feel that recreation is an important front-end component of that health care priority. So if you are simply asking, "Please pit hospitals against recreation," we are saying that that is the whole problem with the bill in the first place. We should not be doing that. Recreation is a vital front-end component of health care and should be funded accordingly.

Mr McLean: I agree with you 100 per cent.

Councillor Dale: I think the resolution that was passed by council indicates that as well; it was council's recognition of the high cost of health care needs. That is why we supported one third for recreation and two thirds to go for the health care system.

Mr Cureatz: I was interested in your statement on the first page about the virtual flat-lining of lottery grants. The parliamentary assistant indicated, they have been telling us all along, that it has been a 48 per cent increase. Interestingly enough, which I did not realize, it is your understanding that the lottery grants for recreational purposes has virtually not increased at all.

Mr Scott: That is, in fact, a fact. I think the increases being referred to relate to the operations of the ministries involved in the provision of recreation, culture, etc.

Mr Cureatz: I do not think you have been asked and I will; I know time is running out. There is a proposal by the present administration for a Cleantario lottery, and I am wondering what your reaction is. They have not told us what they are going to do with it yet, but we can only presume that it will be part of the lottery program and that funds that will be obtained from Cleantario will be put into the mix and then funds taken out of that mix for environment purposes for the Ministry of Environment.

Do you feel comfortable with that kind of approach? To my way of thinking, if that takes place, there will be not three divisions, but four divisions of the lottery funds, which would mean less for you.

Mr Neeb: It is obviously a great concern. That is why people in recreation are trying to look for at least a minimum guarantee. You have various submissions from various groups. The one third, as Mr Scott indicated, is a compromise situation. We applaud the attempt to remove ambiguity in terms of funding, but you do not replace ambiguity by putting in something else that is still ambiguous. So the minimum funding is really quite important.

Mr Cureatz: I notice in Toronto Press Today that the parliamentary assistant was quoted, and he also indicated this morning—I am in disagreement, and as Mr Fleet has asked research to do some investigation, I would also ask them to research whether, in terms of legal interpretation, there is a priority because of the way it is written in the legislation: (a), (b) and then hospitals; or whether there is not necessarily a set priority as in the bill, which I believe is the case, that the priority is not necessarily

as named in the bill.

The Vice-Chairman: Thank you for your presentation. It sparked some lively debate here, and we appreciate you taking the time to come before us.

Mr Scott: We thank you for the cordial reception.

The Vice-Chairman: Our next deputation is Ann Pappert. You have 30 minutes for the presentation, including the questioning. You can proceed at any time.

#### DURHAM ART GALLERY

Ms Pappert: First, I would like to thank you for giving me this time. I come on behalf of the Durham Art Gallery, and as well the residents of the town of Durham. I apologize for not having a brief to hand out to you, however. The town of Durham has but one photocopier and that is not working at this time.

Mr McLean: No Ontario grants, eh?

Ms Pappert: We hope to apply for a material assistance grant to help us purchase that equipment for next year.

The Vice-Chairman: Put that on the record.

Ms Pappert: Yes, put that on the record.

The Durham Art Gallery is the smallest art gallery in Ontario right now. We have a population of 2,500 people in the town of Durham who support this gallery. As such, the gallery began in 1979 with two grants from the New Horizons program of the Department of National Health and Welfare in Canada. Through the co-operation of the Durham public library and the town of Durham, we occupied the basement of the library, which we renovated to public gallery standards.

For the past 10 years, we have been operating on a full-time basis out of this basement with a minimum of 12 shows a year, exhibiting works by artists of national and international repute and providing a showcase for local artists and craftspeople. The art gallery serves as the only cultural resource in this community and the residents of the district, in many tours, come visit the gallery every year. Some estimate up to 32,000 people come through the Durham Art Gallery every year.

It is a focus of art education for the young people in this community and we conduct numerous student tours for the whole year. We provide that service for four grade schools and public high schools in the area.

I will be brief. There is no point in me providing you with all the financial background on this gallery. I am sure my colleagues have done all of that and will continue to do this to you. I come basically for several reasons. We have used lottery money on a regular basis to provide services for this art gallery. We started, as I said, with the New Horizons grants from the Department of National Health and Welfare. However, we used the community development project to hire a curator back in 1983.

We used the Half-Back tickets through Wintario to get our membership up. We increased our membership by a third using Wintario tickets. Also, the wood



show, which brings in 20,000 people to the town of Durham—it is our major money-maker—was organized and began with the Durham Art Gallery. We used lottery money to set up this program with the wood show. It goes on every year, it has become our major trade show and the Durham Art Gallery appreciated that government support.

We have also used lottery money for cultural-recreational studies, for internship grants and also for equipment grants that allowed us to buy our computer last year. That is as far as we have ever applied to the government for money. We have always been told over the past 10 years that when it came down to the gallery moving out of the basement and setting up a solid program, we could apply. We have finally come to that point. We have donated land. We are in the process of wanting to build a small art gallery to service this community.

We are applying for seven ministry grants in 1990. The concern of the people in Durham, and the senior citizens and the volunteers who set up this gallery 10 years ago, is that there may not be any money left. As of coming here today, I was not under the impression that the \$369 million, which has been touted regularly among art galleries and recreational committees as being there, may not be there.

The Durham Art Gallery has its 10th anniversary next year. We have activities planned, but we are under a great deal of financial pressure. The library has now asked us to leave because we have donated property. We have been looking for space for five years. We are in a depressed financial area, Grey-Bruce, in Ontario. We are also experiencing a great number of transplants from Toronto, which is what we call most of the artists who are moving out of this area and coming to the Durham Art Gallery area.

My membership for artists has increased 39 per cent in the past nine months. They are making demands on this gallery. The school boards have cut back their art program. There is not one trained art teacher in the area. I want to apply for a class connections grant for next year to get some support for these programs and I am afraid that this may not happen or that I may be denied.

It is a one-man operation at this gallery. It is closed today so that I could come down here. There is no backup. I cannot apply for an intern because the government grants have been cut back so that I cannot apply because we are too small a gallery. I am in a catch-22 situation. If there is no money there for me next year, this gallery will close. It is that simple. As the only cultural resource for these people, there will be a big void if this art gallery leaves.

We do not get core funding from the government. We are at the top of the list. We have been recommended for three years straight but because of the transfer of funds from the ministry to the Ontario Arts Council, we are stuck in its revising its guidelines. We are running into a deficit situation.

1140

I came today not because I am one of the big galleries that are making a point about financing. Mine is a very small gallery. I have spent eight years in post-secondary education to get myself to a position where I could be a curator-director, and now that I have to turn to the government and ask for the support, the money may not be there.

It is a concern among the people in the town of Durham. They all assume this government has the money in the coffers for us. That is all I really have to say. I am sure the Tom Thomson gallery and the other larger galleries will come in and do something like the city of Mississauga did, but our effect has been on a one-to-one basis with the people in this town. If we do not have money from the government next year, if it is cut back, if we do not qualify, we are going to fold.

Mr McLean: Is it the county of Grey you are in?

Ms Pappert: Grey-Bruce.

Mr McLean: Do they have a museum, an archives, set up under the jurisdiction of the county?

Ms Pappert: No. The closest one is in South Hampton. There is the Bruce county museum in South Hampton; there is the Billy Bishop in Owen Sound; there is the Tom Thomson. In Grey county, no, the Durham Art Gallery is it, and the Durham public library.

Mr McLean: So all the old records from those counties—

Ms Pappert: I have them in my back office in cardboard boxes.

Mr McLean: Does the Ontario Arts Council recognize you as a group that is in need of funding?

Ms Pappert: Yes.

Mr McLean: Do they help you?

Ms Pappert: They help us. We get \$21,000 a year for programming. They help us keep up our exhibitions. We are well known and considered with a great deal of respect by the OAC because we do innovative programming. You have to in the space we are in. However, we do not get core funding. We are 27th on the list; 26 get get core funding. The rest have been sitting waiting for it. Because of that, I have a \$72,000 budget. I get \$21,000 from the OAC, I get \$5,000 from the town of Durham, and the other \$44,000 I raise through the art gallery with fund-raising committees. We raffle off pigs, we are raffling off a beef in November, and we have barn dances. It sounds quite quaint, but those are the logistics of living in a small town up there. So \$44,000 we have raised ourselves and we have done it for 10 years.

Mr McLean: Does the county donate any funds to you?

Ms Pappert: They give us our rent for free and they give us \$1,200 a year as a grant towards our exhibition costs. They have also donated a double parcel of Canadian Pacific Railway property that was given to the town.

Mr McLean: I think it is important, with these small galleries, that curators are not easy to come by these days.

Ms Pappert: The level of curator burnout is quite high in Ontario right now. I have been there for nine months and I am already feeling the pinch. Also, I know it does not pertain exactly to this, but you are also dealing with lack of funds for curators' expenses. I came down on a Greyhound bus. We brown-bag it and we go back the other way. It is difficult for people in the situation I am in to trust the government when we are dealing with this



scenario on a daily basis. I take home \$13,000 a year. I had eight years of training for this. But I am told it is the arts. If I had gone into medicine, maybe I would be in a different scenario.

That is the other thing, whether it is a myth or not or whether the government agrees with it, the people in this town are discussing how this art gallery can go up against the hospital. It is apples and oranges. It is unfair.

Mr McLean: I commend you for the work you are doing because it is so important in rural Ontario today that we maintain the records and the history.

Ms Pappert: It is difficult. My office keeps flooding, so we found a new building. We want to renovate it. We are going to apply for a community facilities improvement program grant next year. I spoke with my representative and she said there is a good possibility, but with government cutbacks she does not know. One of the reasons I came today was to find out. Is there a guarantee for some gallery as small as we are that the government is not going to choke on us?

Mr McLean: That is what we are trying to get too. I would like to find out from the parliamentary assistant about the millions of dollars they talk about as a surplus. Is it there or is it not there? Some people say it is. Mr Sola indicated there is a surplus. I would like to know, and I think the people of Ontario want to know, if there really is a surplus or if there is not.

Mr Reyecraft: I will give a very brief response, Mr Chairman. As I think the member knows, each year since lottery programs were introduced by the province in 1975, the amount of money that has been allocated for culture and recreation has been less than the total profits that were made by both intraprovincial and interprovincial lotteries. To that extent, there has been an annual surplus. That can be identified and it is not a particularly difficult matter to do the addition to determine what the accumulated unallocated surplus is.

Mr McLean: And it is there?

Mr Cureatz: So the money is there? If they want the money, you can say: "Right. Here's the cheque."

Mr Reyecraft: Also, as the member will know from his days on the government side of the House, there is no mechanism within the Ministry of Treasury and Economics for establishing reserve funds for specific areas. There is no reserve budget for lottery funds. It is what has been called a notional surplus.

Mr Cureatz: So the money is not there.

Interjection: Sure it is.

Mr Callahan: I was just going to inquire. I, too, find that art galleries and libraries and so on, particularly in rural Ontario, are of extreme importance. I think you would probably find that most, if not all, of the members of the Legislature would agree with that. Are you hired by the library or by the art gallery?

Ms Pappert: No. The art gallery is an incorporated nonprofit charity independent of the library.

Mr Callahan: In my community, I think there is a liaison between the two.

Ms Pappert: There is no liaison. We have actually been at odds with the library and the town of Durham.

Mr Callahan: Has the art gallery made application, say since 1985, for any type of grants?

Ms Pappert: We have been making applications for grants since 1982, when we hired our first curator on the community development grant.

Mr Callahan: Right. But since 1985 have you made any applications?

Ms Pappert: Yes, we have.

Mr Callahan: What is the result?

Ms Pappert: We have received almost all of the grants we had asked for.

Mr Callahan: Do you know what the total was, by any chance?

Ms Pappert: Less than \$12,000.

Mr Callahan: Since 1985, you have applied for about \$12,000 and you have received \$12,000?

Ms Pappert: We applied for seven grants and were denied two.

Mr Callahan: Okay. So you got five out of seven.

Ms Pappert: That is pretty good odds for us.

Mr Callahan: It is. I never want to get back into ancient history, but you said you started applying 1982. How did you do between 1982 and 1985? Can you tell us how many applications you made and how successful you were?

Ms Pappert: Nineteen eighty-two was a community development project grant where we hired our first curator. Nineteen eighty-four was for a feasibility study with the town of Durham for a multipurpose centre and 1985 was to start with the wood show.

Mr Callahan: Okay. Did you get those two in 1982 and 1984?

Ms Pappert: Yes. One for \$3,000 and the feasibility study went to the town of Durham. It did not go to the Durham Art Gallery.

Mr Cureatz: She got all that she applied for when we were in government. When she applied for grants under your ministry, she got only five out of seven.

Interjections.

Mr Cureatz: You were being cutesy.

Mr Callahan: No, not at all. Not at all. I have great empathy with your cause and those of people who come before this committee because one has



to understand that this notional surplus we talk about could only have been built up as a result of the former Conservative government not having allocated or appropriated the moneys for these very worthwhile purposes. That flew in the face of their bill, which specifically said that the money is to be available—those are really clear words—for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities therefor.

The only thing this bill is doing is adding thereto the fact that if there is a surplus, it goes to the hospital operations. It is not detracting in any way from the former bill. It is not making it any different from the former bill. It is simply being upfront in saying what will happen if there is a surplus. It is obvious that when section 9 was passed by the former Conservative government, it must have had lots of surpluses. There is \$400 million or \$500 million, depending on how you view it, or even maybe \$1.6 billion, that has built up as a surplus. They did not tell you where that was going. They simply used the words "to be available."

1150

Without going into ancient history and criticizing the previous administration, I think what our government is doing is saying: "We want people to know where those moneys are going. We want to be perfectly fair and upfront with them." What the opposition members will say, and they will try to create the impression, is that this is going to be a contest between hospitals and all those good things such as sports, recreation, cultural activities and so on. That is not the case. They are creating a misconception out there in the public. But I can understand why the groups come forward. It is because they were in fact disappointed in the past. Otherwise, there would not have been that surplus.

Ms Pappert: We have not been disappointed, though, in the past. We have got what we have needed. We have been told to hold on to our shorts until we get a location we can deal with. We have a location and now I am being told, "You may not get the money because it may not be there," or, "Your grant application may be denied because there are so many asking." We are being told: "Don't go to the government. Go to corporations and private enterprise to support the arts."

Whether the people in the Legislature know differently, that is not how it is being perceived by the people in the town of Durham. We are thinking that we are going to lose money to the hospitals. That is how it is perceived and you have to do some public relations because the people are reading this. They are talking about it. How does an art gallery—

Mr Cureatz: She put it so well, didn't she?

Ms Pappert: How does an art gallery compete with someone who needs an X-ray unit? If I had 10 bucks in my pocket and someone said, "You can donate all of this," I would give eight to a hospital and two to the arts.

Mr Callahan: The government does not fund capital equipment for hospitals. You do not have to worry about competing between that and an X-ray machine.

Ms Pappert: That is neither here nor there. How is the government then going to help the Durham Art Gallery get settled? We need \$68,000 to purchase an old building and another \$35,000 to renovate it. We are asking for

\$100,000. I do not think that is a lot after 10 years of fighting for it ourselves.

Mr Callahan: With success of five out of seven, I guess we will have to wait to see whether that comes to fruition, but I—

Ms Pappert: If we wait until 1990—

The Vice-Chairman: I think she responded, Mr Callahan, to what you asked. Our next questioner is Mr Laughren.

Mr Laughren: Just as a matter of interest, what is the wood show? Is it carvings?

Ms Pappert: The wood show is a bit of a trade show. It is carvings. Durham is considered the wood centre in Ontario. It has Interforest, Kroehler Furniture and Krug Furniture. All the trade people and the crafts people get together and they show their wares. They show what you can do with wood. It is a celebration.

Mr Laughren: You have space for that in your—

Ms Pappert: Oh, not in the basement. We do it in the arena now.

Mr Laughren: Oh, I see. I wondered how—

Ms Pappert: We close off the main street.

Mr Laughren: I am having trouble getting what it is that prevents you from applying for larger amounts. Is there some criterion built into the system that says you can only apply for so much because you are so small?

Ms Pappert: Because we have to match our grants.

Mr Laughren: Oh, I see.

Ms Pappert: We have the 10th anniversary celebration, for example, next year. We estimate it will cost us a minimum of \$8,000 to do this touring exhibit to celebrate it. If we apply for a grant for \$8,000, we have to come up with \$8,000 in pledges first and then we will get the money.

Mr Laughren: Right; I see.

Ms Pappert: We will not bite off more than we can chew in this town.

Mr Laughren: Right.

Ms Pappert: For us to now look at \$100,000, if the government will pay for one third of that, that is something we can manage. We were originally looking at a \$300,000 or \$400,000 building, which is not that large, to house this art gallery, become a regional art gallery and house the archives from the area. You turn to the people in the Durham and ask them for \$300,000 or \$400,000 and they will balk.

Mr Laughren: I think you are right about the perception of this bill. There is nothing in the bill that says hospitals will get more than they should or that the arts will be underfunded. There is nothing in there that says that, but your perception is widely held and I hold it myself, that even



though it is not written in the bill—there are no priorities in the bill—there is still a widely held perception that this pits the arts against hospitals.

It really is as simple as that, because that is what is named in the bill. I am not surprised that is the perception out there, because it is real, even though it does not say which one is going to get priority or break it down as to who gets how much. That is why all the organizations are coming before us and saying, "For heaven's sake, at least give us a guarantee that the arts will get a third of lottery profits." They are not even saying "a minimum." I would have thought they should have said "a minimum," but they are all saying a third.

Ms Pappert: When you have been doing with so little for so long, you get used to keeping your expectations low, as you had said about applying for grants. Plus, how would the town perceive us if we turned around and built a \$1-million structure? The federal government will not touch us because it wants us to spend at least \$1 million on a new building. I mean, it is so out of touch it is ridiculous.

The Vice-Chairman: Thank you for your presentation.

Mr McLean: Could I have a point of order, Mr Chairman?

The Vice-Chairman: Yes, Mr McLean.

Mr McLean: I was looking at this bill and I would like a clarification. It says "the Ontario Lottery Corporation." There is nothing in this bill that indicates the interprovincial lotteries are part of this bill. I am curious to know from the administration if the interprovincial lotteries are part of the bill, and if so, where is it indicated in here? It says "the Ontario Lottery Corporation," and I would like to know where it is indicated in this bill that the interprovincial part is affected.

The Vice-Chairman: Mr Reycraft, do you have a response?

Mr Reycraft: I do not think it would be appropriate to refer to that specifically in this bill. It might have been appropriate to make reference to interprovincial lotteries in the act as it now exists, and perhaps that could be accomplished by way of the bill. I am not sure that it is necessary, however. I do know that the Attorney General (Mr Scott) has provided an opinion to the Treasurer (Mr R. F. Nixon), and Mr McLean is aware of that.

Mr McLean: That is why I asked the question. He has given us a legal opinion. In most legal opinions, there is room for a challenge from some other aspects of the legal profession. If it is not in here, then perhaps it should be in here so that there will be no challenge to it that it includes interprovincial and Ontario lotteries.

Mr Fleet: You want to define what the assets of the corporation are. Do I understand you correctly?

Mr McLean: No.

Mr Laughren: On a point of order, Mr Chairman: I think he would be repeating what is already in other parts of the Ontario Lottery Corporation Act, because this is just an amendment to it.

The Vice-Chairman: Mr Reycraft is the one to respond to it.

Mr Reycraft: I might just point out to Mr McLean that clause 7(a) of the existing act indicates that the objects of the corporation are, among other things, "to develop, undertake, organize, conduct and manage lottery schemes on behalf of Her Majesty in right of Ontario." The term "lottery schemes" is very general—

Mr Laughren: "Scheme" is the right word.

Mr Reycraft: —and it is the Attorney General's opinion that "lottery schemes" refers to all lottery schemes, both intraprovincial and interprovincial.

Mr McLean: I was just curious if that should have been part of the bill so that it would be very explicit.

Mr Fleet: It is already there.

Mr Reycraft: Mr Chairman, before we adjourn, I want to clear up any confusion that may exist about next Tuesday. I have not made, in this committee or anywhere else, a commitment to produce an amendment or amendments next Tuesday afternoon, next Tuesday morning, or any other morning or afternoon for that matter. As a matter of fact, next Tuesday, if I recall my schedule correctly, I intend to be in Essex county trying to plow as straight a furrow as I possibly can as a part of the Ontario Plowing Match.

The Vice-Chairman: Okay. There are no amendments coming forward next Tuesday. Before we adjourn, just one other point of information, Mr Fleet: There will be some information available right after lunch on the figures, but I believe it is not all the information that has been requested. That is still to come.

The committee recessed at 1200.





CA20N  
XC16  
-G24

STANDING COMMITTEE ON GENERAL GOVERNMENT

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

THURSDAY 14 SEPTEMBER 1989

Afternoon Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)

Bryden, Marion (Beaches-Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park-Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Carrothers, Douglas A. (Oakville South L) for Mr Elliot

Laughren, Floyd (Nickel Belt NDP) for Mr Charlton

Reycraft, Douglas R. (Middlesex L) for Mr Ruprecht

Clerk: Carrozza, Franco

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Kingston Regional Arts Council:

Swain, Robert F., Director

From the Toronto Symphony:

Shortt, Stanley, Vice-President, Board of Directors

Armstrong, Wray, Managing Director

From the City of Windsor:

Burridge, Lloyd O. W., Commissioner, Department of Parks and Recreation

From Danceworks:

Beck, Mimi, Dance Curator

MacMillan, Don, Executive Director

From the Ontario Library Association, the Ontario Library Trustees' Association and the Ontario Public Library Association:

Moore, Larry, Executive Director, Ontario Library Association

Stroh, Josephine, President, Ontario Public Library Association

Walker, Bruce, Ontario Library Trustees' Association

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

The committee resumed at 1401 in room 151.

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989  
(continued)

Consideration of Bill 119, An Act to amend the Ontario Lottery Corporation Act.

The Vice-Chairman: A quorum being present, we will call the first presenter. Mr Swain, how are you today?

Mr Swain: Fine, thank you. How are you?

The Vice-Chairman: You can proceed any time. You have 30 minutes.

Mr Swain: You mean 30 minutes, so get going?

The Vice-Chairman: Right.

KINGSTON REGIONAL ARTS COUNCIL

Mr Swain: I want to say thank you for giving me the time to speak to you today, and to make apologies for the absence of the president of the Kingston Regional Arts Council. I am on the board of the Kingston Regional Arts Council as a director. Mrs Bland wanted to be here, but she is out trying to find a job for herself in the educational system and that takes priority over this event.

I am sorry I was not able to present you with our brief before today, and as you might not get a chance to read it, I am going to read it to you now and then perhaps you might want to ask some questions.

The Vice-Chairman: Certainly. You may proceed.

Mr Swain: The Kingston Regional Arts Council is a nonprofit organization that has been promoting the arts in the Kingston region for 27 years. Presently our membership includes 40 groups and 38 individuals. The groups range in size from the Kingston Symphony Orchestra and the Agnes Etherington Art Centre, with about 800 patrons each, down to small galleries, theatre companies and understaffed public libraries. For all of our membership, it is the maintenance of a sound quality of life for our community that receives our foremost attention.

The quality of our cultural surrounding is dependent both on municipal and provincial reliability. It is this reliability that is most certainly threatened by the proposed changes of Bill 119. Along with our friends in recreation, we share the feeling of dismay resulting from the proposed changes to the end use of lottery funds in Bill 119.

On St Patrick's Day this year, it was reported in the Globe and Mail that the Treasurer (Mr R. F. Nixon) felt spending accumulated lottery funds on physical fitness, sports, recreation and culture was unjustifiable. There are perhaps some observations to make on his viewpoint, which presumably represents the government's.



In culture and recreation terms, there was a lot of money accumulated, reportedly \$42.9 million, and the Treasurer does not think culture and recreation is worth that. It was certainly not lack of demand that accumulated the surplus. If the surplus had been spent on culture and recreation, perhaps the physical and mental health benefits might have offset health costs.

We would like to point out to the Treasurer that the actual tax dollar spent on culture and recreation is very small relative to other tax-based provincial budgets. The original direction of the lottery funds recognized this fact and was an attempt to help. The percentage of tax-based and lottery dollars spent on recreation and culture outside of Toronto is even smaller.

Lottery money deceptively inflates the budgets for recreation and culture. Therefore, culture and recreation are on a weak footing from the tax base and are subject to the vagaries of lottery revenue totals, and it seems to disguise the reality of need in this sector as far as the Treasurer is concerned. This is all to say that culture and recreation are not in a healthy state and the proposed legislation undermines an already tenuous structure.

The arts in Ontario are undernourished. Certainly we in the regions, who have no access to the riches of the capital here in Toronto, feel this fact, and now our principal avenue of wherewithal is closed to us. We live in a community of three very aggressive hospitals with paid professional fund-raisers. These are affecting our ability to attract volunteers and dollars simply because they start out with a much stronger base. No one questions the need for health care. We do question whether this is the way to go about it.

The government has as well a responsibility and a social policy to see some balance established. What is proposed for these lottery funds will throw the system badly out of equilibrium. The cultural support system is a committed one, but it is fragile. The government is sending out a dangerous signal with important ramifications for the viability of community arts organizations.

While we can understand that after a 15-year period the government may wish to re-examine old legislation, we believe that the dedication to culture and recreation should be maintained in any new legislation and that a percentage of the profits be prescribed in the legislation for culture. We are suggesting 50 per cent.

We suggest that the accumulated profits—and if you can get an accurate figure on it, it would be nice—now approximately \$480 million, be used to form a culture and recreation endowment fund, the revenue from which would be directed to the operational support of culture and recreation organizations across the province, funnelled, in the interests of cost efficiency, through existing agencies and branch programs of the Ministry of Culture and Communications and the Ministry of Tourism and Recreation.

Until now, all lottery dollars awarded have been matched by volunteer fund-raising. That fact alone should be a sufficient indicator of community need and support. Changing the legislation's dedication is a disincentive to volunteers, and in times of labour shortages and inability to pay a living wage to workers in the field, such a disincentive should not be underestimated. All across Ontario, volunteer time and dollars matched by lottery dollars have added resources to public collections, equipment for performances and art classes, lectures, wheelchair access for the handicapped, lighting, buildings, management training—all to improve service to the

Ontario public. The benefits have been palpable. Bill 119 will cripple what has been achieved and strike a further imbalance into this range of social service involvement by the provincial government.

1410

That is the end of our brief. I am sure what I have just said could be seconded by a goodly number of people affected across the province and it probably will not be the last time you have heard the argument. In fact, it may not be the first time you have heard the argument. Essentially, I think we want to make the point that the proposal to redirect the fund is going to throw a system out of balance, that the funding ecology to arts and culture in particular is very weak. You have to recognize that a lot of the money which has been directed out of the lottery funds has come to Toronto, and we are suffering outside of this great capital here. I think you are imposing a disadvantage on the regions in the province and throwing a disincentive, a really bad signal to volunteers who have been trying to help their organizations and their communities through this avenue the province created 15 years ago.

Mr Laughren: Thank you for your presentation. You say on page 2 of your brief that the actual tax dollars spent on culture and recreation—point 3: "The percentage of tax-based and lottery dollars spent on recreation and culture outside of Toronto is even smaller." Do you have any facts? I have always had that suspicion but never had the nerve to make such a bald statement without having irrefutable facts to back it up.

Mr Swain: I would love to give you some real figures. I think you will probably see that within this brief there are two figures as far as the accumulated amount of money from lottery profits is concerned. Getting an accurate handle on the amount of money that is available is a problem. I can cite where funds have been directed. On that basis, if you will look at reports, you will find where some of the money has gone and where it has not gone.

In chapter 10 of the Macaulay report, which is the information we have which tallies with anything the government might have produced, not only has most of the money gone to services in Toronto, but it has also gone to services that are agencies of the government. I am speaking in particular of the Royal Ontario Museum, TVOntario, Black Creek Pioneer Village, the Ontario Science Centre, and the Toronto International Music Festival.

We are dealing with a total there of \$41.8 million dedicated in 1983-84. ROM took \$2 million of that; TVO, \$1.6 million; Black Creek, \$800,000; Jewish Community Centre here in Toronto, \$500,000; Ontario Science Centre, \$500,000; Toronto International Music Festival, \$400,000; and this is not broken out, but the Metropolitan Toronto Convention Centre took a portion of \$28 million out of that \$41.8 million.

Mr Laughren: The convention centre?

Mr Swain: Yes.

Mr Laughren: What year was that?

Mr Swain: This is 1983-84. It is chapter 10 of the Macaulay report on funding to the arts in the province.



Mr Laughren: The reason I am interested in this—and I know it is not in the bill, but perhaps it should be—is the question of the spreading of the lottery funds on a more equitable basis across the province. I do not know if that is true or not true, but I sure hope the government would have some numbers. Perhaps the parliamentary assistant, who is smiling in his position of power could, find out for us the kind of regional breakdown there is on lottery funds, because that would be a very difficult thing to swallow for those of us who represent areas outside the GTA, the greater Toronto area, as the government calls it. I think that is an interesting point you have raised.

Mr Swain: Look at the some of the holes downtown and see where some of that money is coming from. It is coming from lottery dollars; it is not coming out of the tax base. If the government looks at its spending estimates for the ministries of Culture and Communications and Tourism and Recreation, it looks like a fairly healthy figure, but you are putting in lottery funds, which I think makes the whole climate within the funding structure very weak. We are grateful for the lottery funds; we need it. But when you look at health and welfare, you have a tax base there, largely. It is not lottery funds they are drawing on.

Mr Laughren: Toronto has such an incredible mass or variety of cultural activities to which people can be exposed compared to a lot of the parts of Ontario, such as the areas I represent, that the argument could be made that it would be a very good thing to even it up a bit by having even a disproportionate amount of lottery funds going outside Toronto, where you have those very facilities you are talking about.

Mr Swain: I have no idea and I do not think the ministry can answer either how the profits have accumulated, because we have certainly suffered in the regions in terms of turndowns as far as our proposals are concerned. If they had that kind of money, it should have been fairly easy to raise the funds. There was the will within the regions to do certain things and the government did not accede to reward it.

Mr Laughren: I remember being insulted when I got on the subway station one morning. A local radio station had one of these billboard signs on the subway. The question was, "What is the difference between Sudbury and a bowl of yoghurt?" The answer at the bottom was, "There's more culture in the bowl of yoghurt." This was a Toronto radio station trying to be funny with their morning man, on the subway. I think there is much to be said for your pitch that the regions have not been dealt with fairly.

Mr Swain: If you start looking at policies within the ministry right now, and the economic impact focuses and the tourism focuses, it is all Torontocentric. There are a few other areas in the province that can claim to attractibilities beyond this wonderful city, and I think they merit some consideration as well.

Mr Laughren: Thank you.

The Vice-Chairman: Mr Reyecraft, you had a comment?

Mr Reyecraft: Thank you very much, Mr Swain, for your presentation. First of all, if I could comment on the suggestion that has been made to you by Mr Laughren about the need to identify the amount of provincial financial support for culture and recreation in regions of the province, I can only comment on what Treasury allocates to the various ministries.

I am sure that within all three ministries that receive allocations of lottery funds from the Treasury there is an attempt to make sure that those funds are evenly and fairly distributed over the province. It is extremely difficult, though, to identify exactly what benefit has been derived by Toronto or by any other community out of the funds. You mentioned TVOntario and you identified that as a Toronto support by the government. TVOntario certainly broadcasts into my communities in Middlesex county and in London. I am sure it is broadcast into Kingston as well.

Mr Swain: Just. We just got it a year ago.

1420

Mr Reycraft: I would reject any suggestion that this is a Toronto-only benefit. TVOntario is a benefit intended to serve all of Ontario; we have only one Royal Ontario Museum in this province and it is intended to serve the whole province. This is a provincial centre; it is the capital of the province. I know that it is a very popular spot for visits by school excursions that come from my county to visit the provincial capital.

Mr Swain: May I respond, Mr Chairman?

The Vice-Chairman: If Mr Reycraft does not mind.

Mr Reycraft: I would be happy to permit Mr Swain to respond.

Mr Swain: I certainly do not want to comment too fully on the provincial mandates of the Royal Ontario Museum and TVOntario. I recognize your point that TVO is supposed to serve all of the province. As far as the ROM is concerned, it may have a mandate to serve, but I am not sure that it fulfils its service. It might in fact be able to fulfil that service better if it had some of the lottery dollars that are supposed to be directed towards culture and recreation, which now are provided for in a surplus that is going to be directed towards health and welfare.

Am I not making a point here?

Mr Reycraft: Now you are asking us to provide more financial support to the ROM.

Mr Swain: Yes, and I think it would be nice for me. I run a museum in eastern Ontario and I cannot service my community because there is no access to that pot of money to do the job I want to do in eastern Ontario. I think there is something wrong when we cannot offer that in Windsor, Kingston or Ottawa to our groups. After the ROM and the Art Gallery of Ontario, I have the third-largest collection of art in the province and I cannot deal with my community. There is a need out there that is not being addressed.

We are being told when we go to the ministry, "You guys just have to fight it out on your own." There is a \$1-million cap on any capital expenditure I want to do for my building. You know what \$1 million can get you these days. There is no cap on the ROM, there is no cap on that SkyDome down there and there is no cap on the ballet either, as far as the ministry is concerned.

Mr Cordiano: There is a ceiling—

Mr Swain: What is the ceiling?



Mr Cordiano: \$30 million is what we spent.

Mr Swain: The amount of \$30 million would go one hell of a long way in eastern Ontario, I can tell you. You give me \$30 million and I will give you \$50 million back.

The thing is that there is \$450 million in a pocket somewhere that has been accumulated because the province has been saying "We do not know where the money is" in response to requests. The ministry has been in a mess for 10 to 15 years because it cannot account for the money; it does not know where it is. So either of you can clean it up, but we have been suffering there and we could have done a good job.

I cannot put quantifiers on this either, but I think there is a point to be made that when we are dealing with health costs, mental health costs and physical health costs, going to culture and recreation, some of those costs could be offset if some of that money had gone into culture and recreation as opposed to directly into health. We are supposed to be in a preventive health environment right now and I think some of that could have been provided for with that money.

Mr Cordiano: I can accept some of the things you are saying and the frustrations that you are putting forward. But there is another side of the coin and that is with respect to the allocation of funds throughout the province. There may be some concentration of funding for the large projects in Toronto and they are highly visible, but on the other side of the coin there is a high concentration of taxation in Toronto, as well. I do not mean to say this other than for the very simple reason that with some of the benefits come some of the additional costs.

I know some of my constituents who are seniors complain that their \$600 property tax rebate is the same \$600 rebate you get anywhere else in the province. If you live in Hamilton or Ottawa or Glencoe you still receive \$600. The property tax that you have to pay in Toronto is considerably higher than what you might have to pay in any other city in Ontario.

Mr Laughren: The senior living in Toronto does not have the same level of services.

Mr Cordiano: No, no.

The Vice-Chairman: Order. You do not respond to him; you respond to the deputant.

Mr Cordiano: Let me get my point across. Do not interrupt.

The Vice-Chairman: You are getting diverted by these guys.

Mr Cordiano: I know my friend Mr Laughren will say "You do not get the same level of services." To a large extent, the facts of the matter are that seniors are hard-pressed to pay those property taxes. The relative difference is far greater in Toronto than it is anywhere else. What I am trying to say is that we try to spread the benefits evenly across the province. That is the theory we base our funding on.

Mr Laughren: What about heating costs in northern Ontario?

Mr Cordiano: Come on, Floyd. You are talking about property tax

costs that are five or six times higher in Toronto than anywhere else in the province.

Mr Laughren: No, they are not.

Mr Cordiano: Sure they are. In a lot of smaller towns and cities in the province they are not as expensive as they are in Toronto.

Mr Laughren: Get out there and check around.

Mr Cordiano: There are a lot of differences that we try to overcome by evening out these things right across the province. Your point is well taken. It may not be what you think it should be, and I understand that. You can make your case here today and that is acceptable. But what I am trying to say is that there is a concept on which we base our funding and that is to try to equal out benefits throughout the province.

Mr McLean: We have heard evidence here all week and most of it has had the same theme. There has not been one who has come here supportive of this legislation. Do you not think it would be appropriate for the government to do the honourable thing and withdraw the bill?

Mr Swain: Sure.

Mr McLean: How is that for leading?

Mr Swain: That was easy.

Mr Reycraft: I can argue with Mr Laughren or Mr McLean any day of the week. I get to talk to Mr Swain only on occasions like these, so I want to go to a couple of questions.

Mr Swain: It may be the last time, right? Let's take advantage of it.

Mr Reycraft: Do you support the recommendation of the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario?

Mr Swain: Yes, sir.

Mr Reycraft: You agree in principle that it is appropriate to use some lottery funds for purposes other than culture and recreation.

Mr Swain: I think the position is a fallback position. The real answer is the one I gave to Mr McLean: that we should not tamper with the legislation because it has done not a bad job in the past 15 years. But if that is what the government's intent is, then we want some protection in the legislation for end use of the lottery funds.

Mr Reycraft: You just indicated a degree of satisfaction with the way lottery funds have been allocated in the past 15 years.

Mr Swain: No, I am not. All right, I am saying that there is a degree of satisfaction; there are a lot of problems. But I think you should gauge the desperation that is in the cultural and recreational sphere measured against the problems we have to deal with on lottery funds. We will take what we can get; that is basically it.

Mr Reycraft: The government has increased its financial support for



culture, recreation, sports and fitness programs as delivered by three different ministries—Culture and Communications, Tourism and Recreation, and Citizenship—on average by 9.6 per cent over the past five years. Do you think that level of funding is appropriate?

Mr Swain: I guess I would like to turn that around to you and ask you to give me an answer, whether that increase comes from the tax base or whether it comes from a combination of tax and lottery funds. Do you know?

Mr Reyecraft: It comes from a combination of both lottery profits and other tax revenues.

1430

Mr Cureatz: We were told this morning it is mostly from the tax base, not from the lottery increase. Mississauga said there was a flat-line increase.

Mr Reyecraft: I think what Mr Callahan was talking about this morning was the \$48-million increase this year in the budgets to those three ministries for programs of the type I have described.

Mr Cureatz: But nothing from the lotteries; no increase in the lotteries.

Mr Reyecraft: I do not think we know what the increase is there.

Mr Cureatz: Mississauga said it has it statistically. It is flat-lined. Their presentation was almost as good as this presenter's and they have had virtual flat-lining of lottery grants during the past three years.

Mr Reyecraft: Again, I can argue with Mr Cureatz any time.

Mr Cureatz: You have not in the past.

The Vice-Chairman: You are arguing with Mr Swain now, or debating or talking with him.

Mr Reyecraft: I hope I am not arguing. I am just questioning Mr Cureatz.

Mr Swain: That is news to me, as a matter of fact, that 9.5 per cent is what has been allotted. I have not seen the distribution, other than a very small amount of money given to the Ontario Arts Council, which is way below what it had asked for. I was at a jury at the arts council yesterday where the visual arts office has \$30,000 to give out to special projects for all of the province's art galleries outside of Toronto. It would not fill the potholes between Avenue Road and Yonge Street on Bloor Street annually. It is nuts.

Mr McLean: Do you know where that increase went? It went to administration. That is where it has gone.

The Vice-Chairman: Mr Swain, thank you for a very provocative presentation. Certainly, you have got your concerns on the record.

Mr Laughren: While we are changing presenters, I wonder if I could just read some facts dealing with funding into the record, for the benefit of members.

The Vice-Chairman: What is the basis of these?

Mr Laughren: The data from the estimates books.

From 1986 to 1988, for the Ministry of Tourism and Recreation, only 47 per cent of capital grant applications were funded. Of the total amount of money applied for, only 44 per cent was granted.

In 1988, in the Ministry of Tourism and Recreation, only \$28 million in capital grants was approved; 43 per cent of the amount applied for. In 1988, while the accumulated surplus from provincial funds alone approached \$360 million—the lottery profits—only \$95 million was allocated to culture and recreation.

I think you should stop kidding the troops out there that you are doing a lot for culture and recreation. You are not, with the funds that were supposed to be spent on culture and recreation.

The Vice-Chairman: The next presenter is the Toronto Symphony. We have Stanley Shortt and Wray Armstrong.

Mr Cureatz: While they are coming forward, I complimented our translators yesterday, but I failed to compliment all those people who are working way behind the scenes directing the various cameras. They are the unsung heroes of this place, so that the people across Ontario can understand what is happening, more particularly, to Bill 119.

The Vice-Chairman: I am sure you can get a tape.

#### TORONTO SYMPHONY

Mr Shortt: We at the Toronto Symphony appreciate the opportunity to be with you today and to share some thoughts from the Toronto Symphony point of view. This is a very important committee, as you realize, dealing with a very critical issue for our community, so we thought we would talk a little bit from the Toronto Symphony's point of view.

Many of you have an impression of what the Toronto Symphony is. It might or might not be accurate, so we would like to give some further information on it. We take very seriously our responsibility to our community in providing leadership not only in Toronto but also in the province and the country as a whole.

There are many occasions when the Toronto Symphony has provided a focal point for international music, which is an integral part, of course, of our cultural life in this country. We have taken this position by staging extraordinary events, many of them unlike anything in the world. We have brought together the Israeli Philharmonic, for example, and the Toronto Symphony this past year, on stage in Toronto, something that will never be seen or heard again in our lives; and the Great Gathering, just as a couple of examples.

Through focusing over nearly 60 years on providing the very best in musical experience for our community, we have very high standards, a tough day-to-day management team, aggressive marketing and a family of over 500 volunteers. Through all those efforts, we have the best-supported orchestra in terms of subscription sales in the world, over 45,000 subscribers. We have a high number of those people in our community who repeat year after year; not everybody, but a high percentage of them.



On the other side, through very hard work and increasingly hard work in the last few years, we have built up corporate support to the orchestra budget to the point that over 25 per cent of the budget now is coming from the private sector; about 50 per cent comes from the box office. That aggressive action has had to be in place to replace the declining share we have had from government at all levels.

We provide our community with over 150 concerts a year, which is more than any other community in North America, and on average, every night a performance is given, 2,200 people are in the hall.

We have been expanding our activities beyond just Roy Thomson Hall in Toronto, getting out into Ontario Place for the summer programs, into Ontario communities and other locations in Toronto. We have a parks program planned for next summer which is extending the accessibility of music to many more in our community. We participated with SkyDome at its opening ceremonies. We participated recently in a joint fund-raiser for the Hospital for Sick Children at the SkyDome with *Les Misérables*, which was a great financial success for the hospital.

What you might not be aware of is that we are also the leader in North America for educational work and extending music to young people in our community. It is a role that we take quite seriously at the board, in management and certainly with the musicians. Each year, either by concerts in the hall or by sending chamber music and musicians out to the schools, libraries and shopping centres, over 120,000 children are exposed to the Toronto Symphony in some form or another. This is costly, but we think it is an integral part of our mandate to exist in the community.

Another aspect of the youth program is the Toronto Symphony Youth Orchestra, which is at a higher level. It is helping to prepare young musicians in Canada to move into careers in music, and it is again, modestly spoken, the best in North America, but also costly.

Another way to extend the accessibility of musical experience in our community is to make it more accessible. The cost of Roy Thomson Hall tickets might be criticized at times as being excessively high, but we have been able to build in fairly generous special discount programs for virtually every concert that we have and every series. That would be for seniors, for students and for others who cannot afford the full price of entrance.

We have also begun to open up some of our gala fund-raising events, which might be seen to be focused on the élite, if you will, where we must generate \$200, \$300, \$400 and \$500 a ticket to simply raise the money that is necessary to keep going. We have also, in the last year, opened up those events by creating the rehearsals open to people within the community. A pretty good example is working with the Toronto Star a couple of months ago, and we will be working with it again later this fall to open up rehearsal for one of the fund-raisers. All the proceeds from that will be going to the Toronto Star fresh air fund. It exposes another part of the community to something that is very special in the musical life of our world.

There is another opportunity for music lovers in our community to experience music of this quality, even working on a tight budget. We have introduced in the last few years a series of 45-minute chamber concerts often before a full concert. These are now quite successful and they cost less than the cost of a movie.

Our long-range plans have been thoroughly and carefully hammered out over the last two to three years. They must meet the needs of our community. We monitor those needs quite carefully through questionnaires, through responses from the subscribers, through all kinds of public responses as to whether or not we are meeting their needs. We have not been meeting some of them and therefore have them built into our long-range plans, but they all have a cost associated with them.

1440

One of the important ones is the need for a summer facility, and tied in with that summer facility is an educational facility, which is a summer music school for students in this part of Canada to have an opportunity to work at this particular level and with high-level musicians as well as being exposed to audiences who would come into Ontario or come within Ontario to such an occasion.

We have acquired a music director, who after all sets the tone for such an experience throughout the world. We have one of the best in the world and he is here because his vision and the vision of the Toronto Symphony match exactly what he thinks can happen to provide this community, whether it be Toronto, Metro or Ontario, with the very best experience in the musical world.

We are planning an expansion of what we call electronic touring, which is making the music and the concerts available through recordings or through touring or through broadcasting, radio or television, to not only our Ontario audience but also audiences across Canada and in the United States. Every time one of those broadcasts is there, of course, it is publicizing Toronto, it is publicizing Ontario and certainly publicizing Canada.

The province itself has taken the opportunity recently to use the TS in advertising as far as some of the benefits of coming to our province are concerned. All in all, we are looking at ourselves as being leaders within a very fast-moving entertainment business and we really must stay up with it.

One of the important needs coming back from our community was for more pops concerts. Simply running out of time throughout a year to provide every concert being a pops concert, we have had to look at that very seriously as part of our long-range plan. There will be the formation of a separate orchestra that will be able to provide exactly the kind of entertainment for families and for individuals and youths who have expressed this as one of their major needs, but of course this must be built into our budgeting for the next few years.

With that as a general preamble, Wray Armstrong, who is our managing director, will have some comments on a more specific basis and then we would encourage some questions.

Mr Armstrong: As you can see from what Stan Shortt has said, the Toronto Symphony offers this community and country a wide range of activities. The thread that we feel binds it all together is the excellence that the symphony strives for and has demonstrated over the years, in fact now 68 years of striving.

One of the reasons we have been able to keep building is not only our Canada Council grants, Ontario Arts Council grants and Metro, but we have also received, as you know, a financial commitment from Ontario lotteries. You may be aware that the total commitment to the Toronto Symphony since 1981 through



the Wintario programs and the investment in the arts programs has been over \$2.2 million. These funds have been used either for deficit reduction on our activities or have been contributed to the Toronto Symphony's foundation. Of course, we are very grateful for that and we were anticipating the continuance of these kinds of funds.

The Toronto Symphony's plans for the future are very ambitious and not all levels of government are keeping pace with the growth of the symphony. In fact, they are not even keeping pace with Toronto inflation. You may know that the Ontario Arts Council's grant this year to the Toronto Symphony has been estimated at 3.97 per cent. We are still waiting for the final figure to come in, but 3.97 is hardly Toronto inflation right now, especially at a time when the Toronto Symphony's plans for the future are much enhanced.

In addition, for all the symphony orchestras in this province—and you may know that there are more symphony orchestras just in Ontario than there are in all of the rest of our country—these increased grants or matching programs can be the difference between life and death. Withdrawing the commitment prior to Bill 119 not only threatens our ability to maintain the present standards but also to achieve any of our ambitions for growth for the future.

We are trying to look not only at the impact on the Toronto Symphony but beyond that to what this could do to the entire Canadian cultural community.

In terms of the community, we are not just a symphony orchestra either in terms of performances. You may know that many of our musicians play a leading role in teaching in this community and some of the finest teachers at the University of Toronto faculty of music and the Royal Conservatory of Music are members of the Toronto Symphony.

We are presenting our position in the context of this issue the way it affects all the sister cultural organizations and also those of recreation, sports and fitness in Ontario. The fact that our lottery system in Ontario devotes a portion of its revenue to supporting the arts reinforces the very important message that music, dance, theatre and individual arts are essential to our wellbeing. The board, musicians, volunteers and staff of the symphony strongly endorse the position taken by the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario regarding the future use of lottery funds.

We would be happy to answer any questions you may have.

Mr Laughren: About the number of subscribers: You said you had 45,000. Where do you put them all?

Mr Armstrong: Actually, we have 47,000 right now.

Mr Laughren: When I think of subscriber, I think of a season's ticketholder.

Mr Armstrong: We have 31 different series. So a person who buys a subscription is a subscriber.

Mr Laughren: I see. I think that you said the average attendance was about 2,200.

Mr Armstrong: Yes, for all concerts all season.

Mr Laughren: Do you do any outreach into Ontario?

Mr Armstrong: Yes. We used to do a lot more. In fact, we just started last season with the assistance of the 400 fund at the Ontario Arts Council. We are now visiting two or three communities each season. It has been extremely well received in Belleville, Barrie, Orillia, Thunder Bay, Sudbury, North Bay.

Mr Laughren: I think you were here to hear the gentleman from Kingston. There is that feeling about Toronto getting everything in this province.

Mr Armstrong: Yes. We hear about that feeling at the Toronto Symphony sometimes as well.

Mr Laughren: Obviously you feel somewhat threatened by this bill. Is it because for the first time the word "hospitals" is mentioned in the bill, or do you have some other reason?

Mr Armstrong: Personally, I think the main reason—Mr Shortt may wish to answer this as well—is that the Toronto Symphony and other major institutions are very aware that the funding we require for international stature so far is not forthcoming from government and we do not think we can charge the kind of ticket prices that it would take to fund this entirely. Many of us are embarking on what we would call endowment or foundation campaigns. If we could count on lottery money or other government funds to assist us with that by matching or other programs the way we have had in the past, it would obviously make our job a lot more palatable to the business community and individuals. If we do not have any matching funds, I think our job is going to be not impossible but much, much more difficult.

Mr Laughren: I do not want to dwell on this, but I represent an area that is both outside the city—up in northern Ontario—and very much a working-class constituency, very much, totally lumbering and forestry, and I can tell you that those taxpayers resent the Toronto Symphony. That is not your fault. I am not saying you should change what you are doing or anything like that, but it does give an edge to funding for cultural organizations. It is something we are always at odds with.

Mr Shortt: Maybe one of the broader things is that it is not just the Toronto Symphony; we certainly are representing the Toronto Symphony today, but I think the broader issue is arts support. I think that orchestras in the Sault, Thunder Bay, Timmins and North Bay are as important to those communities as the TSO is to Toronto.

Mr Laughren: I agree with you. I do not need to tell you that I share that concern. When I saw the word "hospitals" in the bill it bothered me a great deal, because no matter what good light you want to put on it, you are still going to be now legally, in a legislative way, competing for a pool of funds with hospitals. That is a tough competitor.

Mr Armstrong: I do not think anyone can really fight against the need of hospitals.

Mr Laughren: No. That is not the point.

Mr Armstrong: I think the way the alliance has presented its position is that there should be an organized sharing of the funds; that would



be the way we would have appreciated its being set up.

Mr Reyecraft: Thank you for your presentation. Mr Armstrong, you mentioned that the grant from the Ontario Arts Council this year was going to be slightly less than four per cent, I believe. Can you tell me what that means in terms of dollars?

Mr Armstrong: You mean in the increase?

Mr Reyecraft: Either the increase or how much was last year's grant?

Mr Armstrong: Last year's was \$1.33 million and this one is four per cent, or 3.9 per cent, on top of that. I do not have the exact figure with me, but it is obviously one million, four hundred and something thousand dollars. By the way, our budget next season is \$20 million.

1450

Mr Reyecraft: Do you know what changes occurred in the total amount of money available to the Ontario Arts Council for allocation to the various groups that it supports? I do not know the answer to the question; I am just curious.

Mr Armstrong: How do you mean that?

Mr Reyecraft: The Ontario Arts Council gets a transfer from the Ministry of Culture and Communications and in turn, as I understand it anyway, it allocates that to organizations like yours.

Mr Armstrong: That is correct. Normally the so-called Big Five or Big Six in Ontario receive the same percentage pass-through as the government provides to the arts council. This season that has not been done yet; the final decision has not been made. I believe you passed them closer to nine per cent, and we have been given four per cent so far. We have not been told, though, that we necessarily will receive the rest of it yet. That is the arts council's decision.

Mr Reyecraft: I am intrigued a bit by the use of the expression the "Big Five." Can you elaborate on that for me?

Mr Armstrong: I think the government uses the Big Five as the Shaw and Stratford festivals, the Canadian Opera Co the National Ballet and the Toronto Symphony; if you add to that the Canadian Stage Co here in Toronto, you have the Big Six.

Mr Reyecraft: I guess none of those is based in Sudbury.

Mr Laughren: Not yet.

Mr Armstrong: One is based in Stratford and one in Niagara-on-the-Lake.

Mr Cureatz: Just following Mr Laughren's line of questioning, I am sympathetic with his concerns, as my critic is, that there is going to be competition in the field with the passage of this bill unless an amendment comes forward to designate a specific amount of the funds to the various cultural and sport activities.

But if that is not the case and the bill is passed as it is, does either one of you actually make the application to Wintario for your funding? If I am the particular person in charge of trying to decide the amount of moneys that are going to go to the various groups and I get the application in from the Toronto Symphony, to which my wife and I have been subscribers and which we enjoy very much, I am wondering whether there is already a mindset. I think you said it is not necessarily a world-class orchestra; I think one of you said that. Is that what you said?

Mr Armstrong: I cannot imagine our saying that.

Mr Cureatz: Well, no. I must have misinterpreted your words. In any event, I think it is.

Mr Armstrong: From our point of view, what we would be meaning is that to be really at full international stature, we at least would have to have an orchestra that is paid all year round. Not even the Toronto Symphony has that.

Mr Cureatz: Right. That being the case then, when the application goes in, just through the high profile and recognition of the orchestra, one would think that there would be an automatic setting aside of funds for the Toronto Symphony, no matter what the situation is. I am just wondering, that being the case, of course, that would set aside all those other various groups we have had before us, outside of the Big Five or the Big Six, and they would have less possibility of getting the required funds or maybe getting no funds at all.

To put it more succinctly, if that is possible for me, when your application goes in, do you ever think that sometimes you will not get anything?

Mr Armstrong: It has happened, but the thing is that almost always there have been specific programs that we could apply to. Right now there is no program in place whatsoever for the use of any other funds. Certainly the Toronto Symphony, like anyone else, frequently does get turned down and certainly gets cut back or gets significantly fewer funds than it applied for, for each project.

Mr Cureatz: Have you found over the years that there is a designated area that you apply to regularly for a particular program in which you can be guaranteed that, upon meeting the requirements, you are funded?

Mr Armstrong: No.

The Vice-Chairman: There being no other questions, we would like to thank you for your presentation.

The next group that is slated is not here, but we do have Mr Burrridge from the city of Windsor. We will move him up on the agenda and put him on now.

#### CITY OF WINDSOR

Mr Burrridge: I wish to address you today on the ramifications of Bill 119, first in my capacity as commissioner of parks and recreation for the city of Windsor, second as president of the Essex Region Conservation Authority Foundation—that is the fund-raising body for the Essex Region Conservation Authority—thirdly as past president of the Canadian



Parks/Recreation Association and lastly as a parent whose children have benefited greatly from the existing Wintario funding.

As we all know, profits from Wintario and Lottario, under section 9 of the Ontario Lottery Corporation Act, are designated under "promotion and development of physical fitness, sports, recreational and cultural activities and facilities." This section provides the basis for the funding of both capital and noncapital Wintario program grants for both cultural as well as recreational facilities and services to municipalities, groups, teams and individuals. It also provides funding for the training, equipping and participation of athletes in recreational, competitive and demonstration sports. On the cultural side, it provides the funding base for capital and noncapital grant programs in both visual and performing arts areas.

For some time, the lottery funds available to municipalities have been capped, although the overall fund continues to grow dramatically. On 25 April, Bill 119 was introduced and the city of Windsor has been on record as far back as 1986 in opposing any changes to the Ontario Lottery Corporation Act. You will recall that 1986 was when the bill was first introduced. I think it was Bill 38 or something at that time. This opposition dates back to 1986 when the Treasurer first attempted to repeal section 9 of the Ontario Lottery Corporation Act.

The resolution which was adopted by the city of Windsor on 21 July stated: "That the Premier of Ontario, Minister of Tourism and Recreation and Minister of Citizenship and Culture be advised of the council's opposition to the suggested amendment to section 9 of the Ontario Lottery Corporation Act for allocation of moneys other than designation of profits for promotion and development of physical fitness, sports, recreation and cultural activities and facilities; and members of the Legislative Assembly be requested to reconsider this amendment and reconfirm the commitment of Wintario and Lottario funds to physical fitness, sports, recreation and cultural activities and facilities, and further that a copy of this resolution be sent to local members of the Legislative Assembly."

The opposition was reconfirmed on 1 August 1988 by council resolution 1104/88 and on 24 April 1989 by council resolution 576/89. Copies of these resolutions are attached to the documentation which you have before you today. This opposition has also been supported by resolutions adopted and forwarded to the appropriate bodies by both the Board of Education for the City of Windsor as well as the Windsor Roman Catholic Separate School Board. In addition, the Essex Region Conservation Authority is also on file as being opposed to the amendment.

There are excellent reasons for this opposition. The first is that the so-called surplus is simply an artificial surplus. It is a sham. In a personal communication to me, of which a copy is enclosed, the Premier indicates, "Over the years, Ontario lottery games have proved to be a stable and important source of provincial support for recreational and cultural activities, with funding from this source expected to be more than \$100 million in 1988-89. At the same time, revenues from these lotteries and currently undedicated interprovincial lotteries have increased significantly and are expected to reach \$455 million in 1988-89."

The Financial Post, in an article dated 3 April 1989, of which a copy is enclosed, indicates that in the beginning of 1989 the accumulated surplus amounted to almost \$370 million. Unfortunately these funds, although vitally needed within communities across Ontario, as indicated by the 800 members of

the Canadian Parks/Recreation Association as well as numerous municipalities in their annual Wintario submissions, have not been released by the Treasurer. Each year, the profits built up are only partially released to do the task for which they were designed. Thus a surplus is shown and the assumption everyone makes is that if there is an annual surplus, then it is not needed and can be diverted elsewhere, such as to hospitals.

1500

This in fact, ladies and gentlemen, is not true. These funds are needed for their intended purpose and the Treasurer (Mr Nixon) is wrong in limiting the release of the funds on an annual basis and thus building up an unallocated surplus. Windsor alone has on record some 25 projects in the last few years that have not received funding, although they have received letters indicating they are eligible for funding. In the last few years, our recreation facilities in the city, on average, are 20 years old. They need retrofitting. There is a program set up under Wintario to allow this retrofitting to proceed, called the capital conservation program. The money is not being received. These funds should be released.

Further, I would indicate that in the present bill there is no protection for any of the lottery funds coming under the new program. There is no minimum guarantee of what amount of funds would flow through for culture and recreational needs.

The second point is that we feel the Wintario funds should be shared more fairly across the province. The sale of Wintario lottery tickets in the Windsor metropolitan area in the last three years has generated revenues as follows. The source is the Ontario Lottery Corp and the figures were obtained by the commissioner of finance for the city of Windsor, Ed Agnew, a chartered accountant. In 1985-86, \$6.6 million; in 1986-87, \$7.6 million; and in 1987-88, \$7.7 million. There appears to be an increase from the sale of Wintario tickets in the Windsor metropolitan area and this is through the introduction of additional game features according to the Ontario Lottery Corp.

The enclosed schedule provides a three-year summary of projects receiving Wintario grants funding under various programs sponsored by the provincial ministries of Tourism and Recreation or Culture and Communications. Again, the figures were provided to me by the commissioner of finance for the city of Windsor. You will note that the funding in 1986 and 1988 was below nine per cent of total revenues, with 1987 being below seven per cent of total revenues.

Thus, while the area is generating in 1988 alone some \$7.7 million, the actual amount of funding coming back to the area is \$685,000, about nine per cent. Is this fair? This is further complicated by the Treasurer not releasing all the profits in any one year from the unallocated surplus. We believe these funds should be released to all municipalities and that the Windsor metropolitan area should be receiving a much greater share in proportion to the amounts of revenue generated. This also, by the way, is part of the basis for several politicians in our area suggesting that perhaps the city of Windsor should petition for private legislation to set up its own lottery.

We also feel that the bill is breaking faith. Many persons throughout the province have been purchasing Wintario tickets with the full realization that the profits are going to support the development of physical fitness, sports, and recreational and cultural activities and facilities. In addition, volunteers are attracted to these fields and are willing to give of their time



on the basis of the possibility of at least partial funding, up to at least one third, for their particular sport or cultural activity. It thus seems to be a betrayal of those volunteers as well as past purchasers of Wintario tickets to direct these funds to other causes, even those worthy causes such as hospitals.

In terms of cost to the government, the utilization of Wintario funding is a very inexpensive way for the provincial government to receive tremendous positive publicity and provide most worthwhile activities and programs in the municipalities throughout the province. As the funds are provided through lotteries and must be matched on a one-third basis by groups, municipalities, conservation authorities, etc, the province does not have to generate additional tax revenues to provide these programs. It is also a very inexpensive way of getting the involvement of the entire community.

For example, the city of Windsor has been working for a number of years with the Windsor-St Clair Rotary Club to develop an integrated walkway-bikeway-fitness trail system in the eastern part of the city. This trail borders on Lake St Clair and is known by its Indian name, the Ganatchio Trail. Literally hundreds of thousands of dollars have been generated to provide six miles of walkway-bikeway with the cost-sharing being one third Wintario, one third private fund-raising through the Windsor-St Clair Rotary Club and one third provided by the municipality. What a very inexpensive way for much-needed facilities to be encouraged. What better way to promote the fitness, health and wellbeing of our citizens?

Co-operation and collaboration: The utilization of Wintario funding provides a vehicle to encourage co-operation and collaboration between major providers within the municipal setting.

For example, in Windsor the Board of Education for the City of Windsor and the corporation have been able to co-operate in the construction of much-needed creative playgrounds throughout the municipality. General agreement was reached with the board of education on 4 January 1982 for the provision of creative playgrounds at various school sites throughout the city. A copy of the resolution is enclosed for your information. Since that time, approximately 15 creative playgrounds have been built throughout the city of Windsor, with the funding coming one third from Wintario, one third from the home and school association and one third from the school board. A specific agreement is entered into for each school site.

I give an example there of one that was adopted this year. You will note from the example that the facilities must be open to the general public after normal school hours. The board provides and maintains the liability and property damage insurance and constructs the project. The board indemnifies and saves harmless the city and agrees to maintain the project.

These types of agreements not only get the community involved but allow for co-operation and collaboration between the major providers of recreation and cultural facilities in the city, as well as utilizing most efficiently scarce taxpayer resources. Further, since they guarantee access by the community to school board properties, it lessens the requirement for the municipal government, through the department of parks and recreation, to provide similar facilities on park land and allows for maximal use of the facilities during and after school hours.

If the Wintario funding is cut back, such programs will undoubtedly

suffer, because one of the biggest carrots is the fact there is one-third funding available from the provincial government through lotteries.

The health care system: In a Globe and Mail article on 24 April, the Premier (Mr Peterson) was quoted as saying that predicated changes in the health system will "move more to health promotion and prevention rather than treatment after the fact. We will be moving towards a community-based system, rather than just an institutional system."

In an article in the August Municipal World on the health innovation fund, it was noted by Ron Luciano, chairman of the health innovation fund committee and member of the Premier's Council on Health Strategy, that the following health goals were being strenuously promoted: shift the emphasis in health care to health promotion and disease prevention; foster strong and supportive families and communities; ensure a safe, high-quality physical environment; increase the number of years of good health for the citizens of Ontario by reducing illness, disability and premature death; and provide accessible, affordable, appropriate health services for all. A copy of the entire article is enclosed.

Ladies and gentlemen, it is well known and well researched that participation in sports, fitness and recreation leads to not only better physical and mental wellbeing in an individual but also to less illness. By the provision of one-third provincial funding through the Wintario program to these areas, you are making a major contribution to health promotion and prevention at considerably less cost—actually no cost to the taxpayer—than you would through the regular health care system. Further, the existing parks, recreational, open space and cultural systems, well-founded in many municipalities, have been promoting wellness for many, many years.

In terms of effective use of provincial dollars, I would submit that the surplus, \$370 million to \$450 million, would, as the Financial Post has indicated, barely fund the health care system for 33 hours. On the other hand, through the recreation and cultural system, every lottery dollar is multiplied by three and goes much further in promoting the health and wellbeing of the citizens of Ontario.

Discretionary funding: In a letter to city council, the member for Windsor-Sandwich (Mr Wrye) indicated: "I have been informed by the Ministry of Culture and Communications that lottery revenues represent just under 15 per cent of the ministry's annual budget. As a result, most of the funding for culture is acquired from general revenues."

Although the lotteries may represent only 15 per cent of the funding, and I am not going to quibble about that, it does represent the major discretionary funding available for groups, agencies and individuals. It is the pot you can dip into for those little goodies. Any reduction in discretionary funding, therefore, is most sorely felt.

Political image: The Wintario funds touch virtually every person in this province, from childhood to old age, through the provision of facilities, equipment, training, leadership, coaching and innovative concepts. The lottery funding is not a tax, so people do not feel put upon to provide for these facilities. The funds are basically multiplied three times. They present multiple opportunities for the government, and the opposition members too, to look good through ribbon-cuttings, grant announcements, etc. Thus, it is



almost inconceivable, from a political standpoint, to why the government is attempting to divert these funds into the health care system.

1510

On a personal note, my daughter is in the local aquatic club, to which I contribute significant funds and time. These funds have both a direct and an indirect impact on cities we visit, as well as providing direct jobs to those involved in the field. As a volunteer, I work many hours in bingos and other fund-raising activities.

Recently, the club applied for a Wintario equipment grant to obtain electronic timing devices—there are none in southwestern Ontario—at a cost of \$20,000. A Wintario grant was applied for, and on the basis of this grant application, which for equipment is 50 per cent, many parents volunteered to raise the other 50 per cent, a significant portion of the funds. The possibility of the Wintario funding being available for such a purpose acted as an incentive to all those involved with the club. The timing devices, when received, will be available to the general public through the operation of swim meets by the club and special meets for the physically disabled at no charge. Without the Wintario funding, it would have been virtually impossible for a small club, consisting of only 50 families, to raise the entire cost of these timing devices.

We have noted, in terms of economic benefits, the multiplier effect of each lottery dollar by three. I think you have had a prior submission on the total economic development generally in the entire recreation field, but the economic benefits are considerable. The SkyDome, for example, received a \$30-million Wintario grant through the lotteries, nontax-based. The province, according to the SkyDome managers, has already received back \$44.7 million in provincial sales tax from sales in the dome.

In conclusion, the need for Wintario funding by municipalities, conservation authorities, boards of education and individual groups remains high and growing. The provision of equipment grants to the many, many sports organizations and the provision of funding for athletic competitions have allowed Ontario to develop its athletes and artists to a premier position in Canada. Further, these grants allow virtually every person, regardless of income level, to participate in the cultural and recreational activities, facilities and programs of this province. Let's not lower the quality of life for Ontario citizens by implementing this very retrogressive step.

The Vice-Chairman: Thank you. We have some questions and comments.

Mr Laughren: Mr Burrridge, thank you for your presentation. It is good to hear from Windsor. You have two cabinet members representing that area. You must have a lot of clout down there when it comes to making applications for Wintario grants.

You raised an interesting matter about the amount of tickets that are sold in Windsor and the amount of money that comes back to Windsor. I think that would be a fascinating series of numbers to have, and I am sure they are available, as to the breakdown in the province, where the tickets are sold and where the grants go.

I am sure the parliamentary assistant to the minister, the member for Middlesex (Mr Reycraft), would have those numbers, if not at his finger tips, then close by. I wonder if the committee would be interested in having those

numbers. I know I certainly would be and I suspect other members would too, since we all represent different areas of the province. I think that is a very interesting point you raised and I appreciate that. Do I need to be more formal than that in requesting numbers?

The Vice-Chairman: No, that is fine. That is a specific request for information. We have made note of that.

Mr Reycraft: Shall I interpret that as a request for figures from the Ontario Lottery Corp as to where the sales are actually made?

Mr Laughren: And where the funds go.

Mr Reycraft: The Ontario Lottery Corp will not be able to answer the second question.

Mr Laughren: You could though.

Mr Reycraft: Officials from the various ministries that use the funds would have to respond to those questions.

Mr Cureatz: Wait a minute. Why can you not determine who has made the application and that the application has been granted and the money goes out? It does not go out from the Treasury.

Mr Laughren: I do not think we need to debate all that detail here. I think if the parliamentary assistant understands the request the committee is making, that is all that is important here and we can leave him up to his own unusual devices to get the information.

Mr Cureatz: No, but I want to make it clear. What I am interested in is where the tickets are sold, and then what groups have applied for grants and what groups got the grants in those specific areas. To my mind, you do not have to look at the three ministries, for me anyway; you would just have to look at the lottery funds.

Mr Laughren: I agree.

Mr Reycraft: I do not think Mr Cureatz understands how the system works. The Ontario lottery—

Mr Cureatz: No, they are not in charge of the money, the Treasurer controls it, so you guys are stealing the money, as he has been saying all along.

Mr Reycraft: The Treasurer allocates lottery funds to three different ministries or programs related to culture, recreation, sports and fitness. Those ministries—

Mr Cureatz: So your job is a little harder, but that is why you are getting paid more.

Mr Reycraft: Those ministries receive the applications and they allocate them, but it even goes father than that. We heard from the presentation before last that some of those funds are not allocated directly by the ministries. The Ministry of Culture and Communications allocates funds



to the Ontario Arts Council, which in turn allocates it to Stratford, Toronto and Ottawa and other groups in the province.

Mr Laughren: Nobody promised you a rose garden.

Mr Cureatz: Do the best you can. You might find something so revealing that you will agree to the amendment.

Mr Reycraft: I am not sure that information can easily be provided, but we will see what we can do.

Mr Burrridge: I would like to make just one comment. The member for Windsor-Sandwich has fought equally for grants no matter whose riding they are in. In fact, I think the majority of grants in the last couple of years have gone to Dave Cooke's riding in Windsor-Riverside.

Mr Cureatz: They are just trying to quiet him. It does not work.

Mr Laughren: What is the sense of having a government member?

The Vice-Chairman: Mr Cureatz, was that your question or comment?

Mr Cureatz: No. On page 2, item 1, artificial surplus: This is an innovative twist in your second paragraph. "Each year the profits built up are only partially released to do the task for which they were designed. Thus, a surplus is shown and the assumption being that if there is an annual surplus, then it is not needed and it can be diverted elsewhere, such as to hospitals."

That goes back to my legal concern. I asked for clarification from a research officer. When the bill is passed, probably without amendments but hopes springs eternal for us humble beings over in the opposition, the interpretation will be such that no longer will clause 9(a), for the promotion of physical fitness, sports recreation and activities of the Trillium Foundation be the priority.

They are just going to look at the bill and then the Treasurer is going to say to the Minister of Health: "Let me see, \$300 million. Is that going to help a little bit?" Of course, the Minister of Health will say yes. So the designation will be \$300 million from the lotteries and whatever is left over will go to the other activities as was originally intended.

You have put in so much better words than I did as to how the process will probably work. That is why we in opposition and all the delegations in front of us—I mean, on Sunday shopping, we were down in Windsor and I think we had one or two deputants I think were in favour of Sunday shopping. Yet I have to hear from anyone who likes this bill. We will persevere and Tuesday morning we are confident that the parliamentary assistant will have some amendments for us that maybe will subside our concerns.

Mr Reycraft: I will be very close to Windsor on Tuesday morning, Mr Cureatz, as I indicated this morning.

The Vice-Chairman: Mr Reycraft, you are the next speaker anyway so you can speak.

Mr Reycraft: I am participating in an international plowing match.

Mr Cureatz: You are shovelling it here and we will all start plowing it under.

The Vice-Chairman: Do you have any further comments?

Mr Reyecraft: Yes, I do. I want to thank Mr Burrridge for his presentation. Because of your background with the Canadian Parks/Recreation Association, I would like to ask you a couple of questions about the two different kinds of grants, the intraprovincial ones, Wintario, Lottario, etc, and the interprovincial ones.

Up until three years ago, it was assumed, certainly by government and I think by most other people who were aware of the Ontario Lottery Corporation Act, that the act itself only applied to those games that were operated on the intraprovincial basis, and that is Wintario, Lottario, the instant games and there is one other that I have forgotten.

A ruling by the Attorney General (Mr Scott) three years ago indicated that section 9 of the act should apply in the same way to the interprovincial games, Lotto 6/49 and those games. Was there any pressure from any cultural or recreational organizations to take that broader interpretation of the Ontario Lottery Corporation Act?

1520

Mr Burrridge: Not that I am aware of. As far as including Lotto 6/49 and 6/39 or whatever the other ones are, no. It was never raised at the Canadian Parks/Recreation Association level, in my involvement.

Mr Reyecraft: Up until that time, the government had been using profits from the interprovincial games for research and health care, for the Ontario Trillium Foundation and for other purposes. There would have been no argument from any of the groups from anywhere in the province, I guess, about the use of those lottery dollars for health care and for the various purposes to which they were being put.

Mr Burrridge: That is correct. I believe so. Our argument is basically with the existing lotteries at the time and the fact that the surplus is building up even though the need is out there in the community. The submissions are recognized as being qualified; that they do meet the criteria. We do get a letter back, saying: "Yes, your grant request does meet the criteria. You are free to proceed at this point but if you proceed there is still no guarantee that you will get the lottery funding." I think that is the point that really has hit home with a lot of organizations and individuals across the country.

Mr Reyecraft: Are you a supporter of the recommendation from the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario?

Mr Burrridge: No, we are not. We feel that the unallocated surplus should go for culture and recreation purposes, not the interest therefrom.

Mr Reyecraft: Is that the unallocated surplus from just the Wintario, Lottario and instant games, and not the interprovincial games?

Mr Burrridge: That is correct.



Mr Reycraft: Does that apply also to the annual profits from lotteries or have you changed your position on that since the Attorney General has made his known?

Mr Burrridge: No. My position would remain consistent with that. We feel that Wintario, Lottario and the instant games, which was the original thing, should continue to be designated for the promotion of culture, recreation, fitness and sports. On the interprovincial lotteries, put them into health if you want.

Mr Reycraft: When we speak of projected annual lottery profits this year of about \$500 million, that includes both intraprovincial and interprovincial.

Mr Burrridge: Yes, I believe the Wintario, Lottario, instant games will generate something like \$100 million of the \$500 million. I believe it is somewhere in that order. It is much smaller, anyway. We would like to see that \$100 million released, the profits that are generated from those lotteries, which was the original intent. I think everybody felt that way until the ruling came down from the Attorney General, and those should continue to be utilized for culture and recreation purposes.

Mr Reycraft: Even though that amount is less than the one third that would be dedicated to culture and recreation under the alliance's recommendation, you still support that position.

Mr Burrridge: Yes. I think the reason that a lot of people are supporting what I have just said is the fact that it is a cleaner deal. There is no mixing; there is no matching.

Mr Reycraft: Do you have any concern that, for a period of time, promotion of the interprovincial games might siphon off customers from the Wintario, Lottario, instant games and result in a diminution of the profits from those games?

Mr Burrridge: It may. I do not know. It is a hard question to answer. It is a crap shoot, I guess.

Mr Reycraft: I looked at the annual report of the corporation last night: the annual report from 1987-88. They make the point that any lottery game has a limited lifetime and after a period of time it loses a certain amount of its popularity, and therefore, in order to maintain the same total amount of profit, you have to introduce new games from time to time or make them different in some way—

Mr Burrridge: Yes, or new features, exactly.

Mr Reycraft: —to attract attention to them; to market them.

Mr Burrridge: I would expect that new features would continue to be introduced; at least, that would be our hope. Of course, that would be another way that things could go down even further, but new features were introduced in the last few years. I would expect that would happen no matter what lottery is involved.

Mr Reycraft: That is one of the concerns I have about any kind of guarantee. The guarantee itself is not terribly meaningful if you look at other things that could happen or that could be done to reduce the amount that

would be provided without varying from the terms of the guarantee. What it really all comes down to is the government's commitment to culture and recreation and to the amount of money it is prepared to use to back up that commitment.

Mr Burrridge: Yes. You indicated earlier that something like over nine per cent has been going to that field for the last few years, which is certainly gratifying and very beneficial. Over 10 per cent has been going to the health side, but we do not seem to be any better off.

Mr Reycraft: I thought I saw a clipping from the Windsor Star this week that indicated things were looking better down there.

The Vice-Chairman: Thank you, Mr Burrridge, for a very thorough presentation.

Mr Burrridge: I assume, because I made a submission through the clerk, that I will get something in terms of your final deliberations, that sort of thing.

The Vice-Chairman: A transcript, yes.

Our next presenters are from Danceworks. Mimi Beck was originally scheduled for three o'clock, but we are a little ahead of schedule. Perhaps you will forgive us for that. Go ahead. You have 30 minutes in total, including the presentation and questions.

#### DANCEWORKS

Ms Beck: My name is Mimi Beck and I am the dance curator for a Toronto-based arts organization called Danceworks. I would like to thank you for this opportunity to speak to you as a representative of the dance community.

Danceworks is an organization that is dedicated to the development and presentation of contemporary dance and related performance works. In our 12-year history, we have developed a unique curatorial role in the community by focusing on the work of independent choreographers, performance artists and their collaborators. We encourage dialogue between the artists and their audiences through live presentations, video documentation and tour co-ordination for historical, educational and professional purposes.

Because of the experimental nature of our presentations, you might call Danceworks a kind of research and development wing in the dance field. As Danceworks' dance curator, my primary responsibility is to chart the artistic course of the organization by selecting the artistic works that Danceworks presents.

I speak not only for myself but also on behalf of over 800 independent dancers and choreographers who have shown their works or appeared on the Danceworks stage during our 12-year history. The emerging professionals with whom I work are among the most innovative, creative and dedicated artists in Canada today. They are also among the most poorly paid members of the performing arts community. Some will in fact remember this phase of their careers as the time when they were paying their dues—and they do pay.

The cost of developing and presenting artistic work is very high, especially in Toronto. With very limited resources, these artists must pay for



rehearsal space, if and when they can find it; they pay to present their own works; they pay for their dancers, their designers, composers, musicians, as well as for their day care or baby-sitters.

Because developmental arts funding is scarce and highly competitive, many of these professional artists in our field must pay their costs out of earnings from other jobs, such as waiting on tables, to support their artistic work. Through their own dedication and personal financial contributions, these artists are making a significant investment in the cultural life of Ontario.

Speaking on their behalf as well as the Danceworks organization, I am here to state that we do not support Bill 119 in its current format. We need greater assurance that we will, in the years to come, have access to higher levels of support than those which currently exist.

1530

We back the arguments presented by the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario; namely, that we want guarantees of one third of all present and future annual profits to the original four recipients, namely, culture, recreation, sports and fitness, and we believe that culture should receive half of this. We would also like a trust fund set up equalling the \$400 million in unspent funds and to receive the annual interest for operating costs. We maintain that culture should receive half of this.

In addition to the basic needs for funds, our community is desperately in need of a space in downtown Toronto which will house rehearsals, performances, administrative and production services for independent dancers and choreographers. Lottery money could and ought to fund this type of dance centre in Ontario.

At this point, I also would like to underscore that each and every dollar directed to our sector has a significant impact and that each dollar withheld is equally significant. Our own use of lottery funds through the Ministry of Culture and Communications has demonstrated this. Danceworks has had many successes of programs funded by the ministry.

First, with the ministry's organizational development funds, we have increased our capacity to reach new audiences, improved our operating efficiency and expanded our services to artists. Support programs such as the organizational planning, resource equipment and organizational improvements have enabled Danceworks to support a full season of five main stage, two co-productions and six dance-talk choreographic workshops, and I might add they feature up to 20 creative and performing artists. All of this occurs with three full-time, one part-time and occasional staff and on a budget of less than \$225,000 annually. We are efficient.

Second, through the internship and experience programs, we have provided valuable training to many people in arts administration through Danceworks. All of our interns have gone on to interesting and challenging positions, and several of these now hold senior positions in other arts organizations and cultural agencies. Through Arts Abroad community arts events programs in Quebec and Ontario, Danceworks has been instrumental in facilitating exchanges between Ontario artists and those from other parts of Canada, the United States and abroad.

Third, the Danceworks 50 Festival of New Dance was a special 10-year anniversary celebration that Danceworks held at Harbourfront's DuMaurier Theatre Centre in 1987 with the help of the ministry's festivals program. This included a successful fund-raising gala opening and brought together the work of choreographers from across Canada to Ontario.

Fourth, through the investment in the arts program, for the first time we are finally able to have an opportunity to invest in our own future. These and other successes have been achieved with the support of lottery funds involving grants ranging from \$500 to \$15,000. Every dollar has had an impact and has been a benefit to many people.

Whenever access to these programs was restricted due to unavailability of funds, I can say that a negative impact was strongly felt. On one occasion, two programs to which we had submitted applications totalling \$16,000 were unexpectedly frozen, and the resulting impact really shook our organization financially. This is not an extra-cash situation that we are talking about, but in our case a much-needed support structure to a vital and developing community.

I implore you to turn back Bill 119 in its current format. It does not provide us with the assurances that we seek. The original act was created to improve culture and fitness which, in my mind, are the best preventive medicines we have. The wellness of Ontario and its citizens is at stake as much as the lives of our cultural workers.

The ability to access these funds that are not part of our normal operating budget has provided a substantial boost to our organization and all of the artists with whom we work. There is a great need within the dance community for the substantial funds that could be provided by the allocated moneys.

Furthermore, we endorse the Ontario Arts Council's five-year plan and believe that it deserves to be supported by dedicated lottery proceeds. I urge you to amend Bill 119 and, in so doing, reaffirm the government's financial commitment to the arts community.

Mr Cureatz: How many people are involved with Danceworks? You have a budget of \$225,000 and low pay, with a small number of regular and part-time staff. What is the total number of people involved?

Ms Beck: We work with approximately 60 artists in a year. In our early days we often had more in a season, but we have reduced the number we work with. Part of our emphasis is to try to give better pay to fewer people. We would like to give better pay to more people, but we cannot.

Mr Cureatz: I am not familiar with the lingo. You actually co-ordinate a production and then you would call in people to participate. Hence, you would have a fluctuation of numbers, I guess, from year to year. That is what I am driving at.

Ms Beck: That is right. In fact, we do not have the performing artists on staff. They come in for the presentation and it is a changing cast of people.

Mr Cureatz: You indicated the budget. As you said, you are



efficient. What kind of support have you had in the past from Wintario in applications to the Ontario Lottery Corp?

Ms Beck: Some of the things I outlined. We have had grants, anywhere from \$500 up to \$15,000, for interns and for equipment. Some of our computer equipment has really helped us to run more efficiently. There is lots of training, so that is professional development as far as our organization goes. We have had it in a variety of areas.

Mr Cureatz: Every year you must review the various programs that are available and decide whether you would fall into the category or not. That is the first question. The second question is whether you have felt that every year you can be assured of at least falling into one category to receive funds to continue on with your program.

Ms Beck: Yes, you are absolutely right. Every year we sit down, we sort through those grants and we target those ones which we think are most appropriate for our activities. No, we have no assurances. The programs could change and there is no guarantee.

Mr Cureatz: By the same token, you are not necessarily looking for a continued reassurance that you would go through the same process. But in support of, as you indicated, the other groups that have appeared before the committee, would you feel much more comfortable if there were a designated source of funds that were committed regularly for the general arts community, sports and recreation?

Ms Beck: That is right.

Mr Cureatz: You would then be competitive with all your other groups.

Ms Beck: We are used to that.

Could I just get a throat lozenge?

Mr Cureatz: Absolutely. Maybe that is what I should have when I am speaking in the House. It might help. Of course, some would rather that I not speak in the House. They would like to muzzle me as opposed to giving me a throat lozenge.

Ms Beck: I am sorry, I am afraid it is these dance festivals that are supported by cigarette companies have taken a toll. I am actually quite pleased that this year Danceworks has the support of the Sun Life Assurance Co of Canada. It is our first corporate supporter. If we continue to have the programs sponsored by the cigarette companies, it will be that much more important, I guess, that we have the support of the insurance companies to cover the damage. Anyway, I am sorry; that was not prearranged.

Mr Cureatz: My last question, without taking up my allocated amount of time, which I know the chairman is very judicious about, is this: We had the Dancer Transition Centre. Are you familiar with that group?

Ms Beck: Yes.

Mr Cureatz: Have you worked with them at all? Have you had the occasion to direct people there?

Ms Beck: Yes, absolutely.

Mr Cureatz: Have you had discussions with them about their various applications to the various government agencies? Is there any kind of dialogue about one's success with government programs and getting funding?

1540

Ms Beck: I have not had a specific dialogue with the Dancer Transition Centre regarding applications to the ministry. I am aware that they were having difficulties in receiving their charitable status because of their limited membership, and that this was making it difficult for them to raise certain kinds of funds, in particular to issue charitable receipts to donors. But I can say to you that arts organizations continually share notes and we tend to be, I would say, of a generous nature. If someone uncovers a program that seems to be particularly effective in a certain area, we do share our information with each other.

Mr Cureatz: I am going to ask a final question, because I am looking at Joe there and he seems so remorseful that I want to help out the government a little, if that is possible. It is very tough, but I will attempt to.

Interjection.

Mr Cureatz: That is right. This is a question I am sure every government member would like to ask or has in the back of his mind. We have had these numerous groups from a kaleidoscope of backgrounds coming forward, more or less saying the same kind of thing. Was there a concerted effort within the various organizations where bulletins were sent out that said: "Bill 119 is coming down the pipe. Either we can all make various presentations and be all over the map or we should be united and have some kind of strategy so that at least we can focus on a partial attempt at getting what we want as opposed to everyone talking in different areas and the government's position being: 'Divided they fall, together they stand'"? In a nutshell, from your experience, as you are so frank that within your own groups you have had discussions about programs available, what was the concerted effort? Was it a bulletin? Were people on the phone saying, "Hey, let's do something"?

Ms Beck: Absolutely. All of the above. We have talked to each other. It has been very distressing to us to hear that we may not have access to these funds, and we have very definitely pulled together—as we tend to do when we feel threatened; I suppose it is a herding instinct—and we have worked very seriously, because this is of serious concern to us.

Mr Cureatz: Good. I appreciate your frankness.

Mr Callahan: As you probably can see, we are in and out of here. In our defence, I think all of us have other things we have to do and come back.

Interjections.

Mr Callahan: I do not know how long your organization has been in existence.

Ms Beck: For 12 years.



Mr Callahan: So you cover two governments, I guess; the former government and ours.

Mr Cureatz: Is that the former 1985 government?

Mr Callahan: It is the former Conservative government. You know that, Sam.

You are obviously familiar with what is in place now and what this amendment is attempting to do. Under the former section 9, the government of the day had a delightful section in there which stated that the funds would go into the consolidated revenue fund "to be available." Those are nice words: Not in trust, not to be guaranteed, but to be available. Did your group or any of the other groups, maybe from your discussions, ever make an application to the former government to have a guaranteed amount of funds to which you would have access?

Ms Beck: Part of this would have to do with the history of our organization. We had rather limited participation in these kinds of programs, I would say, prior to 1985. But I would say in many senses this was because our organization has undergone a tremendous amount of growth in the past three to four years. At that time, we were almost exclusively funded by the arts councils at the federal and provincial levels. Due primarily to the size of the organization and the limited scope of what we were doing at that time, we were not really raising private money very much and we were also not looking as much to the ministry for funds.

Mr Callahan: Do I gather from that, that prior to 1985 you did not make applications for Wintario or lottery moneys?

Ms Beck: Maybe I should ask our executive director. Could he answer a question for you?

Mr Callahan: Sure, if he would come forward and say it into the microphone so that we can preserve his words for posterity.

The Vice-Chairman: Would you please introduce yourself?

Mr MacMillan: I am Don MacMillan, executive director of Danceworks .

We had a couple of applications prior to 1985. They were mainly around the internship. It was our only source of getting any help in the office, basically. There were just two of us running the entire program at that time and there was no other way of bringing in staff, so we provided some training in exchange for getting these funds for staff. I think it was in 1983 and 1985 that we had the internship program, and subsequently we have made much greater use of the lottery programs.

Mr Callahan: So pre-1985 you made one application. I gather it was granted?

Mr MacMillan: Actually, we made two. One of them was not and another one was.

Mr Callahan: How have you done since 1985? What is your batting average? How many have you made and how many have you had granted?

Mr MacMillan: From the ministry?

Mr Callahan: Yes.

Mr MacMillan: I do very careful research at this point and I would say that we have only been turned down for two out of 12 applications in the past four years. They were partly because the programs came under review and we had some difficulty. They really wanted to freeze the programs. We kind of squeaked in, but as it turned out, it did not work.

Mr Callahan: So pre-1985 you had one out of two, and post-1985 you had 10 out of 12.

Mr MacMillan: Yes.

Mr Cureatz: I have a supplementary on that.

Mr Callahan: I am sure you do.

Mr Cureatz: The next question is: Do you feel that with the passage of this bill, your success of applications granted will be as high?

Mr MacMillan: I attribute my success with grant applications to my skill as a grant writer. However, I would expect that if this bill could be amended and our sources were wealthier and more guaranteed, the amounts I will be able to raise would be significantly higher and of greater benefit to more people.

Mr Callahan: That is a good answer to Mr Cureatz.

Mr Cureatz: It is. I think he answered it very nicely.

Mr Callahan: I think it is obvious that under the words "to be available," what was prevalent there was that there obviously was a surplus, but they did not tell you where the surplus was going. What we are doing with this bill is laying it right out. We are saying you are in the same priority under clause (a) as you were under section 9, except if there is a surplus left over after the appropriations are made, that will go to hospital operations.

I suggest to you that the change is not that significant. The one with the Trillium Foundation is really just a rectifying of an informal arrangement they made with the charitable groups to get them out of the lottery field so they did not sort of dissipate the lotteries that were going on.

I understand your concern about wanting one third. Some of the groups have come forward and said a third. In fact, Peel region, and I am a member from one the ridings in that area, came forward and actually had a very interesting change. They said one third for groups in culture, arts, sports and so on, and two thirds for hospitals.

I am going to ask you the question I have asked other groups. If lottery profits decreased for whatever reason, be it a downturn in the economy or bingo becoming more popular—who knows?—would you not feel uncomfortable that having advanced through a bill a stipulation that one third be guaranteed for your various, very necessary—I have to emphasize that. On that issue, it is not partisan at all. Every member of the Legislature recognizes that your groups serve a very needed part of the fabric of Ontario. But would you not



feel uncomfortable if the profits shrunk and the government, whatever government of the day, could say: "Sorry. You wanted a third; we gave you a third. Profits have shrunk. That's it"? Do you see any danger in that?

1550

Ms Beck: The danger is obvious, but given the conditions right now, I would say that this seems a reasonable request. I do not see it as set in stone. I think that is why we meet and that is why we consider and reconsider. At such time as the profits might shrink, we would have to reconsider this. I am not a visionary. I cannot look into a crystal ball and know that, but I do believe that for this time that this is a proper step to take.

Mr Callahan: Let me turn that coin over.

The Vice-Chairman: You got the answer.

Mr Callahan: I did, actually. That is a very appropriate answer, but turning the coin over, if you have no set amount or percentage, then if the government of the day cuts back or is stingy or whatever, you have your ultimate weapon, which is that that government is not returned to office. I would think that is a far more significant meeting of the minds at a more appropriate place, ie, the ballot box.

If you put a third there and if the profits shrink, for whatever reason, the three or four ministers who would be involved in this, seeking appropriations to support the groups they are actually charged with the responsibility of looking after, are limited to that pot; it ties their hands somewhat. I know why you are doing it. I do not blame you, if you had a track record of one out of two for the previous government and it accumulated that surplus. But I think track records are things you can—

Mr Cureatz: I am restraining myself.

Mr Callahan: But track records are things you can rely on too. If you have had 10 out of 12, that seems to me to indicate that you have gotten a pretty good response from our government.

Mr Cureatz: No. It is because he knows how to fill out the application the right way.

Mr Callahan: That, too; I would not want to take that away from you.

Mr Cureatz: I would admit to that, but I am not going to go so far as to say it is because the government is so terrific.

Mr Callahan: I am told that in culture and recreation, this year alone the advances to those groups have increased by \$47 million, while the profits for lotteries increased only by \$15 million, which would seem to demonstrate that there has been significant funding given; if you were caught in this one-third arrangement, you might not be treated as generously. That is not really a question; that is rhetorical, you might say.

The Vice-Chairman: Do you have any comment on that? Otherwise, your time is up.

Mr MacMillan: The only comment I would like to make, with all due respect, is that I value my vote and I value even more my own contribution to

our cultural fabric here in Ontario. Our interest primarily is to the people we are here representing; we have our own representation. The people we work with, as Mimi outlined in her presentation, work on extremely limited means, and our interest to try to: (a) find as much funding as we can; and (b) protect and ensure that there will some basis of funding there.

Mr Callahan: I have no problem with that. I understand your viewpoint as well and I respect it.

The Vice-Chairman: Thank you, Ms Beck, and thank you, Mr MacMillan, for indicating to us some aspects of creative application writing. I think that is an art in itself.

Our next presenter is the Ontario Library Association, represented by Josephine Stroh, Bruce Walker and Larry Moore. The floor is yours and you can proceed any time.

#### ONTARIO LIBRARY ASSOCIATION

Mr Moore: I am Larry Moore, the executive director of the Ontario Library Association. Our association covers several governments. We were trying to figure out how many: We actually started in 1900 and more or less had the same jurisdiction we have now, in as much as we are representing libraries in schools, colleges and universities and public libraries.

We have four constituent groups, two of which are represented this afternoon, the two that are dealing with public libraries. I have the president of the Ontario Public Library Association, who is Josephine Stroh; in real life, she is actually the director of North York Public Library. Next to her is Bruce Walker, who is the president of the Ontario Library Trustees' Association, which is library trustees in public libraries. Mr Walker is department head of English at Lakeport Secondary School in St Catharines and also chairman of the St Catharines Public Library Board. They will be doing the presentation and I will participate in any questions that may take place.

Ms Stroh: We are going to read the brief, which I believe you have a copy of before you.

We have not come here today to argue against health care, nor to deny that health services of the province are under considerable financial constraint. It is an unfair and inappropriate contest in which the government has placed us. What we are coming to argue is that the principle that established lottery funds as a major stimulant to Ontario culture and recreation was not only a major boon to sports, to the arts and to libraries but a wise and informed decision that in the long run has benefited the economy as well as the psychological and social health of Ontarians, wherever they may live and work.

There is very little priority being given to the development of libraries in this province. Leadership from the government is almost totally lacking. Only the Ministry of Culture and Communications has any specific program in place to support libraries; notably, public libraries. The ministries of Education and Colleges and Universities do not even have a full-time person designated, let alone provide leadership in the development of an information base which is appropriate to a great province.

Over 60 per cent of all public libraries in Canada are located in this province. This is a very impressive fact that could suggest that the public



library in Ontario is strong. Yet people living in communities of under 5,000 and in communities in more remote regions of the province are attempting to obtain service from libraries that are understaffed, whose staff are ill-trained, whose resources are inadequate and dated and whose facilities are crowded and inappropriate.

Public libraries are an essential service. They are intrinsic to a democracy. Without information, a society has no way to grow, no way to undertake research and development and no way to improve the quality of its life. Libraries, for many communities, are the centres of their community, the sources for literacy programs, the reference base for business, promoters of reading as an essential skill, the supporters of lifelong learning pursuits; in summary, an indispensable core of Ontario's culture.

People in smaller communities know that information is available in other communities. As their need for information increases, as their need to compete grows, so does their demand for access. This government has made equity for Ontarians an issue and we certainly agree that it is vital to Ontario's future. In this light, then, how does one rationalize the government's statement on Bill 119 and the use of lottery money?

Recent statistics clearly show that the provincial per capita per household support of libraries has declined significantly in the last 10 years. For large libraries, provincial support in 1977 amounted to 13.48 per cent of annual operating budgets; that figure, 10 years later, had dropped to 9.54 per cent. For medium-sized libraries, it has dropped from 12 per cent to 9.2 per cent and, overall, the support from municipalities has grown in contrast from 60 per cent to 82 per cent.

1600

The member for Hamilton Centre (Ms Oddie Munro), when she was Minister of Culture and Communications, commented that the ministry was greatly undervalued by cabinet and that provincial participation in library funding was embarrassing. If the government undervalues libraries, a recent Gallup poll, done through the Ontario Library Association, shows that the public does not. Library cards are held by 5,265,000 Ontarians. Another 2.5 million attend library programs every year. People in this province make libraries a significant part of their lives. Where is the government's recognition of this?

We sense an anger in large portions of the library community about provincial support. The threat to lottery-based moneys that Bill 119 opens appears to corroborate the disdain that many libraries, rightly or wrongly, read into the government's actions.

Lottery-based grants have not provided much compensation for the lack of general government support to libraries. Libraries last year received less than eight per cent from Ontario-based lottery profits, recreation received 41 per cent, heritage projects received 29 per cent and the creative community received the remaining 22 per cent. All this seems to fly in the face of the fact that 10 times more people use Ontario libraries than attend sports, theatre, music and film performances combined.

What have the lottery-based funds done for libraries? Since 1975, over \$40 million has been granted to build, renovate or to expand public libraries. This is where the grants have been most effective.

An additional \$14 million in project grants from lottery-based funds

over the same years allowed libraries to introduce new programs, expand collections, improve the skills and abilities of staff and trustees and enhance collection-sharing capabilities province-wide. But in 1987, special grants, welcome as they were, raised the-provincial government's participation in library funding by only 0.7 per cent.

We realize that even small sums of money can do much good and we think that the public, and particularly municipal councils, have valued what the lottery funds have made possible. Our true concern is that Bill 119 and its debate seem to convey a message about the government's attitude to cultural endeavours that can only be deemed as disturbing. As such, Bill 119 is intensifying the library community's concern that government support of all kinds will continue to erode even as educational business and personal demands for information and enrichment grow.

Verbal guarantees that levels of lottery funding will be maintained leave one questioning any government's ability to make such a promise. For libraries, of course, even if the guarantees were possible, they fail to take into account the major inequities in the present distribution of lottery funding, let alone provide the necessary flexibility for future development.

I am going to turn over to Bruce now.

Mr Walker: The special grant allocation to the libraries and community information branch of the Ministry of Culture and Communications has remained at \$1.85 million since the 1985-86 budget year. As a result, library requests for lottery-based grants last year exceeded the available allotment by over \$1 million. The cutbacks necessary were almost exclusively targeted at the automation for small libraries.

Predictably, the decision caused a political storm in the library and municipal community. The situation was alleviated by the government through a special \$1 million allotment to the program announced in the government's spring budget—a modest acknowledgement to the library community that its basic needs were not being met by the budgeted lottery-based money.

If it appears that lottery funds are underutilized, be not deceived. The need for the funds is there and always has been there. Current restrictions on lottery-based grants limit the ability of libraries to take advantage of the funds.

For example, large public libraries do not qualify for capital assistance for automation under existing provisions. Grants for automation are directed to small libraries—a worthy idea, but larger communities have a much greater financial burden and the greatest need to be met.

Conversely, many small public libraries that may be able to raise the 20 per cent required to receive an automation grant are often unable to raise the 50 per cent of funds necessary to match grants offered for collection development. A visit to almost any small library in this province reveals a major need for materials on almost any subject, making the extra matching requirement a severe limitation.

Changes in criteria would unquestionably contribute to a more equitable growth in Ontario's information base. Such growth would demand that more money be available, not less. Ontarians do need this investment in their future. Unless it happens, equity of access in most communities will remain a dream.



The government has entered a number of internal strategic planning exercises and has encouraged others to do the same. Not all strategic plans, of course, require major new funding.

The Ontario public library strategic plan, currently in the process of development, shares with government programs a number of priorities: improved equity in sparsely populated areas, such as the north and eastern Ontario; the need to attack literacy problems; multicultural needs; economic growth; technological leadership, and so on. The plan will require short-term if not long-term infusions of new money if equity of service across the province is to be improved to even minimal levels.

It is too early to predict the demands of the public library strategic plan, but there are already close to 600 recommendations being considered, from 10 reports created by close to 100 librarians and trustees from all parts of northern and southern Ontario. If the plan provides genuine leadership, library boards and municipalities could very well be looking for new support, not less.

The Honourable Robert Nixon has stated that the government is unable to draw on current tax revenues for special projects. If a reserve fund such as the \$369-million lottery surplus is not established and maintained, there appears to be no resource to tap when a major need, such as the strategic plan is identifying, arises.

We do not agree with Bill 119. We have heard the Honourable Robert Nixon's explanation of the legislation. We have heard him say why, with or without Bill 119, the government will use the money for other purposes, and how support to culture and recreation will be maintained at present levels.

The impact and importance of lottery funds on local communities trying to meet cultural, business and recreational needs in their libraries has been demonstrably successful. The quality of life wherever you live in Ontario has been affected by the many wise ways in which the money has been spent by caring librarians and trustees. We know hospitals are essential to a healthy society; quite frankly, so are libraries.

For every reason, we request reconsideration of Bill 119 and a return to the original intent of the lottery legislation. Bill 119 should be closing the loopholes that are allowing moneys to be diverted away from culture and recreation, not legalizing them.

If, in spite of everything, Bill 119 passes, does the provincial government know from where it will provide an alternative method of funding libraries sufficient to ensure the future cultural wellbeing of Ontario? Does it really have the will? Bill 119 suggests it does not.

Mr Laughren: I think this is the first library group or organization we have heard from since the hearings started on Monday, and it is appropriate that it is the OLA.

Maybe I missed it, but I did not get a sense of how important lottery funds are. I heard you say that a big library is not eligible for certain funds because small organizations complained they are too small, they have to match funds and they cannot get enough and that sort of thing. Where do lottery funds fit in the overall funding for libraries? How important is it?

1610

Mr Walker: It is at this point a very small amount of money. Prior to the presentation we threw a number of figures out. As I mentioned, \$1.85 million comes to us from the special grant allocation. That number has remained constant for the past several years and that amount of money has not really met the needs we have identified, nor has it really been able to fund the grant requests we have made.

Mr Laughren: But who makes the grant requests; the individual libraries?

Mr Walker: Yes. It is almost exclusively the individual libraries that are making those requests.

Mr Laughren: You do not have any kind of umbrella role that says, "We get so much money and we will decide which libraries get it"?

Mr Walker: No, we do not allocate anything like that at all.

Mr Laughren: It is too political a decision.

Mr Moore: Possibly, but it is also too complicated a decision.

Mr Laughren: Yes.

Mr Moore: There are 400 library boards and 700 libraries. It is just too fragmented. I think that is the problem with the allocations as they have been given. They spur certain things, there is no question. From that standpoint we see the continuance of such funds as important. But the inhibitions that are there right now are making them of limited value.

The question was raised about the coalition and the formula and so on. Quite frankly, we just do not see the formula at all because, to us, the whole fund just needs to be opened up. The demands are there.

I am sure that the smaller groups have just as many limitations facing them. But when you look at the size of the library portion of this, it just has not been tapped at all. I think the funds that have been used from the lotteries have been possible because libraries were not really given access to all that much. It is an enormous demand that is sitting out there that could very well change the whole effect of the information system of this province.

Mr Laughren: Many of us are worried that in the past the libraries have not received very much money from lotteries, and that is without the word "hospitals" being in the existing legislation.

Mr Moore: That is right.

Mr Laughren: We are very worried, some of us, and everybody who belongs to the alliance, that with the word "hospitals" in there, while it does not say anybody is going to get less, it is ominous and it is like a sword of Damocles. We are very worried about that.

We will be trying to amend the legislation in one way or another. Whether or not we get enough members on the committee to support that is another question, since we are in an era of majority government.



Mr Moore: We understand that. I think, quite frankly, that is why we really wanted to discuss how the whole fund has worked and its validity within the situation over the last 15 years, because we are very pessimistic, obviously, about what will happen.

Mr Nixon is very reassuring; he is a very reassuring man. We have had meetings with him and we are great admirers. At the same time, every time you read the newspaper you find out he may be leaving. But the problem is, the legislation is what is going to be left.

We did not know the original legislation had the loopholes it had in it until it was all explained to us, of course, that "already all this is being done to you anyway," which is basically what he said. That is fine, except that when you are faced with those kinds of analyses one has to stand back and ask what the intent of the legislation was and how it might have been better done.

So although we are part of the coalition, we have not really participated in its discussions on this, just to answer some other questions that were coming up, because in essence we have seen ourselves as representing a quite different part of the problem.

Mr Laughren: It occurred to me when I was thinking about this bill that its analogy would be that it is like locking the barn door after the horse is gone, because you have already stolen the money, there is nothing you can do about that.

Mr Reyecraft: I am looking at your recommendation that suggests a return to the original intent of lottery legislation. The original intent, as indicated in the act, was that the profits from provincial lotteries—Wintario, Lottario and the instant games, the way those have materialized—would be available for culture and recreation. It was assumed until three years ago that this availability did not apply to the profits from the interprovincial games, which probably make up about 80 per cent of the total lottery profits.

Mr Moore: Right.

Mr Reyecraft: When you talk about the original intent, are you talking then about just the proceeds from the provincial games going to sport, culture and recreation, or are you talking about the larger pot?

Mr Moore: Quite frankly, I do not think a great deal of thought has been given to the interprovincial. I was surprised at your earlier remarks that there has been a decision at some point that suggested that was part and parcel of this whole picture. We assumed that it was not, that really what we were discussing was the provincial lotteries themselves.

When we were talking about going to the original intent, it is the phrase that the money would be made available to culture and recreation, and we do not think it has been made available. That is really what we are arguing.

Mr Reyecraft: But the original intent was that there would be certain lottery games that would support culture and recreation.

Mr Moore: We will go for the whole thing if you really want to make it available.

Mr Reycraft: There would be other lottery games from which the profits could be used for health and health-related research and whatever other purposes the government decided.

Mr Moore: Quite frankly, I think the whole thing soured about Bill 119, or the earlier version of it, when we realized that the other lotteries were already being devoted and some of that money was already going to health anyway, that health was being supported through lottery moneys already at that point. But it really was not part of our thinking that this was available as part of the action, and we did not think about pursuing it.

We looked at this fund, which has an enormous amount of money unallocated, as being more than sufficient to deal with the problem that we saw culture and recreation facing, if one can call it a problem, and therefore no, one did not need to extend to the other lotteries.

Your earlier question was about the fact that maybe these lotteries might die, and those lotteries are a success, of course. The other man is saying it is a crap shoot. One is not looking that gift horse in the mouth, I suppose.

It would be nice to be able to say we want the best one, but I just do not see how, from our position, we define that. There is a definition of a certain group of lotteries and a certain group of lotteries, one of which seems to apply to us at this point, and we think it is sufficient.

Even if Wintario was killed because it was losing money, unless the government consciously went and started removing lotteries from this pool, there would be no problem, it seems to me, because you made the point earlier that whenever a game is losing it gets replaced by another game or another way of trying to make it successful. We would presume that would still happen and therefore that money would still be developing.

Mr Walker: If I might add to that, I think we see ourselves as representing a group of people who make a very significant contribution to the province in terms of the library service that is provided, and I think we would envision a situation whereby that contribution would continue to be acknowledged in one form or another. I do not think we would reasonably see ourselves or our institutions being left without the kind of support entirely if we followed the pattern that we began with. We can build to the point where we feel that we can be most effective in helping the various parts of this province and the areas that do not have what they should have.

We feel very strongly that when we get to that point, the benefits that will have accrued will have been so clear and the value of our institutions will have been reaffirmed in so many other people's minds that it would be clearly necessary for those institutions to continue and to be supported. I really think that is part of what we have been saying all along. We just feel there is a great deal there that we can do as libraries that we have not really had the opportunity to do to this point.

1620

Mr Callahan: I would like to ask, now that I have you here and I see that you people are very well connected with libraries, which happen to be a very favourite thing of mine. I love to wander through libraries, law libraries, regular libraries.



Mr Laughren: You should stop sometimes and read the books.

Mr Callahan: I read the titles. When I was in law school I used to read head notes. That is how I got through law school. I was working full time. I did not have an opportunity to do anything better.

I hope you will not cut me off, Mr Chairman, because I am not going to go into my diatribe about the bad record of the former government or any of that stuff; people out there are probably tired of hearing that and the people in my community are probably saying, "Hey, why did we elect him?"

I want to ask you—and it is something I have tried in my community a number of times. We have a growing community. We have a need for branch libraries for our neighbourhoods. We have new schools going into those areas. What I have suggested to the people, who are very good in my community in terms of libraries, was that they allow the library to be built on the main floor of this new school, with the best possible facility for the kids as well as the best possible facility for the community. Then the community could use it during the summer months and the off hours. They would have access to this building, and you could lock off the rest of the building, because there seems to be somewhat of a hangup about access to the rest of the school building. The neighbourhood would have access to the best possible library and the kids would have access to a library that probably far exceeds their needs.

The comment I have gotten—and I am going to ask if you agree with it—is that the library a school requires is different from that which the general public requires. I think that is a given. Then they try to turn it around and say the library that the general public requires is different than what the kids would need and therefore you cannot do it.

Since I have you experts here, I want to find out what your view on it is. If you agree with my humble suggestion, then I can go back to my people and also go to the Minister of Education and say, "Why do you not put them in the bottoms of schools instead of building free-standing libraries?"

Mr Walker: Very quickly from my point of view as a trustee, and then I think Jo should really comment from her point of view as well.

I absolutely agree with that in a theoretical way. There are a number of directions that we are going in right now as an organization to try to encourage that kind of co-operation at an interministerial level. In fact, that was one of the major topics of our discussion with Mr Nixon when we met with him last spring about this very issue of co-operation and trying for the best of all possible worlds, as it were. So I absolutely agree with you and we are absolutely working in that direction.

There have been a number of efforts that have been made. I think the problems they experienced are surmountable problems, but certainly there are a lot of problems involved in associating ministries of very different sizes, which is essentially what is happening, that is, the Ministry of Education and the Ministry of Culture and Communications, and trying to get some sort of serious partnership operating there. That has been difficult. Certainly the North York experience has been an extensive one, and I think Jo should comment on this from her perspective.

Ms Stroh: I think I would agree that in theory it can work. In practical terms, the mandates of the two libraries are very different. What we find is that the public library is there not to serve the students, the public

library is there to serve all age groups in the whole community. The demands of the students are so overwhelming that if you were to combine a public library in a school facility, you would essentially be providing a school library service and other communities would not have access to the same service.

The other thing that we find is that schools are not located in the best sites for public libraries. They are generally in residential areas. They are not where the other groups of the community tend to locate generally, at major arterial roads or in shopping centres or next to shopping centres. This is where you get a much better usage of the public library in general.

We have some concerns, which Bruce has alluded to, with some of the responsibilities we have had to pick up with respect to school libraries, and the lack of funding from the Ministry of Education, which has decreed that the students should conduct independent research, do independent studies, etc, but is not putting the funds into its own schools. So the public libraries, in effect, are picking up a lot of the slack and providing the resources for school libraries.

I think in some communities that model can work. It depends on the siting of the schools; it depends on the demands of the community. But what happens in many situations is that essentially the public library then is performing the function of a school library and the rest of the community is not well served. There are some difficulties. There are situations where it has worked, but it is not quite that simple.

Mr Callahan: Let me just finish, because I want to get this on the record so that I can send it to various people. I suppose with the introduction of the computer it is far easier, because you can have a limited number of works in that library. You eliminate the necessity of building a building because you have the bottom floor of a school, which has to go up anyway. It is in a community.

You say because it is off the beaten path it might not work, but at least what you have are community libraries that people can walk to. They do not have to drive. That would be good for their health and that would save on our health budget and the whole bit. But with the computers, you would not even have to have the full scale of books. You could order up books from the main library and still achieve all those ends.

Mr Walker: Of course, it is the technology that has made it clear to a lot more people outside the immediate library community and the people who work there daily that those kinds of co-operations are absolutely essential. As you are pointing out, the technology does not recognize walls when it comes right down to it, nor does the community necessarily appreciate the difficulties that we have fulfilling our mandates. What they want is information.

So we have, I suppose, a number of conflicting responsibilities in one way, if under the present structure we try to simply serve the public, because as Jo points out, we have varying mandates for our varying libraries operating within various ministries. As a conceptual model for delivering library service, in some respects this is far from the most economic or efficient way of doing that, and certainly we are working at cross-purposes from time to time. But again, there are many discussions under way to try to alleviate some of this difficulty.



Mr Callahan: Thank you very much for the testimonial.

The Vice-Chairman: Mr Laughren has a supplementary.

Mr Laughren: It is just a matter of interest. I was first elected in 1971. It was a long time ago.

Mr Sola: It sure was.

Mr Laughren: My first duty was to serve on the committee called the select committee on the utilization of educational facilities. One of the recommendations had to do with the combination of schools and libraries. It is funny how we seem to be coming full circle again, because it really has not happened since then, because of some of the reasons that you have outlined.

Mr Moore: I think it still has all the difficulties though that went on in that period.

Mr Laughren: Yes.

Mr Moore: White Oaks Branch Library, in Oakville, was set up at that time as a response to that particular report. It is still operating and it is still there, but it is still—

Mr Carrothers: It works quite well too.

Mr Moore: Yes. All these things are dependent on how a community gets used to it, because it can tip, the way Jo says. A lot of adults are not comfortable being in a school building.

Mr Callahan: That is because they have been chased out.

Mr Moore: Well, no. There is a dynamic about children that is so strong that a lot of older people are less comfortable with that. Those things have to be, to a large extent, worked through.

Mr Laughren: As a matter of fact, the community I live in just built a new library. It is combined with the senior citizens' centre. Just as an aside, my wife is the librarian there.

Mr Moore: I see that as excellent, really.

Mr Laughren: She is part-time.

The Vice-Chairman: Since we have no other questioners, I just have one very brief question. Perhaps it is an opportunity for you to get on the record. I notice on page 2 you talk about the statistics showing that provincial per capita household support has declined significantly. That is because the support is on a grant per household.

Mr Moore: Which we were told at the time would not cause a decline.

The Vice-Chairman: Right, but it has, for obvious reasons. If you are not growing, your costs are still growing and yet there is no growth to your grant.

Mr Moore: That is right.

The Vice-Chairman: I think it is a pretty logical thing. Are you making the argument that the cost-per-household grant is an inadequate tool for funding of library services? I take it that is the point you wish to make.

1630

Mr Moore: Yes, basically. To a large extent the lottery question is a symptom of a general problem we perceive. That, of course, is a more significant problem than the lottery. What the lottery funds provide is a catalyst for things that are not part of the basic operations. The home access program in Brampton would never have happened or been tried if it had not been for the availability of lottery funds. It was an enormous success and was a model for other people to try. For all our argument about the general funding problem the lottery fund certainly has had a significant impact, but the basic problem sits with the per household grant.

The Vice-Chairman: One other quick question: The libraries have consistently moved into the cultural field other than simply the supplying of books in that they become, in some communities, galleries—

Mr Moore: Community centres.

The Vice-Chairman: —and theatres and there are a lot of other community services that they provide. Your argument, I guess, to Mr Laughren's question, is that lottery funds are a very small portion of your budget. If you had access to them you could do other things or continue to expand your mandate as you see it.

Mr Moore: That is right. Particularly in the smaller community. I think the large communities are very well served by libraries at this point, and have access to funding that, in many instances, is more than adequate and very handsome, as a matter of fact. But the majority of communities, something like 270 library boards in this province, are serving populations under 10,000. That is quite a different picture: where you see communities that do not raise a dollar through to communities that have put a value on it and have managed to make it work for their communities. There is a whole area there that the strategic plan is definitely focusing on. The technology, for instance, is obviously one of the answers to providing more equity of access to a community that is isolated, but at the moment people in small communities are very isolated indeed.

The Vice-Chairman: Thank you for your presentation. You were the first coming to speak on behalf of libraries. We have other libraries scheduled further on in the weeks, but thank you again for your presentation.

Mr Moore: Thank you very much. We are delighted to be available to the committee at any time.

The Vice-Chairman: We have actually scheduled one other, but they are not here and we have not heard from them. What is the feeling of the committee? Do you want to wait five minutes?

Mr Carrothers: Yes, I think we should wait five minutes, Mr Chairman.

Interjection: I think that would be a waste of time.

Mr Callahan: That means you are leaving very soon.



Mr Carrothers: Out of deference to the witness, the opposition might want to wait as well, Mr Chairman.

The Vice-Chairman: I am sure he will. We have some information to read in the meantime. This is not complete. I think this only relates to sports and recreation: the Ministry of Tourism and Recreation figures.

Ms Anderson: Do you want me to update them now?

The Vice-Chairman: Yes. Perhaps you would like to update the figures as you have them.

Ms Anderson: As I was leaving to come over after lunch I got information on the 1989 figures.

The Vice-Chairman: Excuse me, Doug? We are getting some additional information here that perhaps we would like put on it.

Ms Anderson: As I was leaving to come over after lunch I just received the 1989 figures from Tourism and Recreation. I will give them to you and on Monday give you the completed chart with it typed in, just so you know what they are. For 1989, the noncapital Wintario grants, there were 1,364 grants worth \$11.5 million. That is for the noncapital, not the capital, grants.

Mr Laughren: What page is that on? I am lost here.

Ms Anderson: That will go on the other page.

Mr Laughren: What?

Ms Anderson: It is the noncapital grants on the first page.

Mr Laughren: What page?

Ms Anderson: The first page, right there, noncapital grants.

Mr Laughren: Yes.

Ms Anderson: There were 1,364 grants, for the value of \$11.5 million.

Mr Laughren: That is for 1988?

Ms Anderson: That is for 1988-89. Capital grants on the back chart, total number 868, total amount requested was \$49,091,209. The number approved was 409, for the value of \$27,515,096. That leaves the number of not recommended as 465.

Mr Laughren: Devastating, just devastating.

Mr Callahan: Do we have the figures for pre-1985?

Ms Anderson: No.

Mr Callahan: I would be interested in those, Mr Chairman, as a comparison.

Mr Laughren: Wait till Mr Cureatz sees these figures.

Ms Anderson: I have asked for that and I gather it is—

Mr Callahan: Has it been grated or, what do they call it, shredded? Has it been shredded?

Ms Anderson: —hard to do because the systems were changed.

Mr Callahan: It has not been shredded already, has it?

Mr Fleet: I would just like to ask a question about the other information that is coming. The reason I had asked for the information focused on the suggestion from Peel, or I guess it was Mississauga that all of the instances, all 1,709 instances where an application was not approved was somehow justified. I think was the word or meritorious and was in essence just rejected out of some arbitrary basis. Is there going to be information available that deals one way or another with that kind of contention?

Ms Anderson: I asked him that today and apparently for the Ministry of Tourism and Recreation the total number—the way the process works is they receive all the applications and then on a regional basis they order them by priority, according to certain criteria, which are community support and need and so on. Then they take those applications and they allocate the money from the budget as they work down, until they come to the end of the budget. So the ones which have not received money are the ones that are at that point missing funds in their budget.

Mr Fleet: You are saying that process of graduation is based on certain criteria, it is not a simply arbitrary process?

Ms Anderson: Right. .

Mr Fleet: That is more like what I anticipated the process was like—

Mr Callahan: But in fairness to Peel region, they eventually run out of money, is what you are saying. I think in fairness it should be clear that that is—

Ms Anderson: Often the projects are all eligible and all worthy projects, but by ranking them, it is just that there are more worthy ones above.

Mr Fleet: I can appreciate there is a set of criteria that is used to evaluate, some are given different rates than others. I understand that.

The Vice-Chairman: Mr Fleet, if you would, I should call the meeting for our information purposes. I suggest it not be done on public camera. I can give you some other information that relates to how they are assessed in many cases and why some of them are very disappointed.

Mr Fleet: Yes.

The Vice-Chairman: Since the last deputation has not appeared, I would suggest that we adjourn the meeting. The meeting is adjourned until Monday at 10 am.

The committee adjourned at 1640.





CA20N  
XC16  
-G24

G-9a

STANDING COMMITTEE ON GENERAL GOVERNMENT

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

MONDAY 18 SEPTEMBER 1989

Morning Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)

Bryden, Marion (Beaches-Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park-Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Farnan, Michael (Cambridge NDP) for Ms Bryden

Laughren, Floyd (Nickel Belt NDP) for Mr Charlton

Marland, Margaret (Mississauga South PC) for Mr McLean

Reycraft, Douglas R. (Middlesex L) for Mr Ruprecht

Clerk: Carrozza, Franco

Clerk pro tem: Mellor, Lynn

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From Theatre on the Move:

Hines, Anne, Artistic Director

From Community Arts Ontario:

Elvidge, John D., Vice-Chairman

From the Northeastern Ontario Regional Sports Committee:

Southwell, Grant, President

Piotto, Sharleen, Regional Sport Development Officer

From the Koffler Gallery:

Mahut, Jane, Director

LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON GENERAL GOVERNMENT

Monday 18 September 1989

The committee met at 1012 in room 151.

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989  
(continued)

Consideration of Bill 119, An Act to amend the Ontario Lottery Corporation Act.

The Chairman: The chair recognizes a quorum. Good morning, ladies and gentlemen. Welcome to the hearings on Bill 119, an Act to Amend the Ontario Lottery Corporation Act. This is the standing committee on general government. Our first presentation this morning is on behalf of Theatre on the Move. Anne Hines, the artistic director, will be giving that presentation.

Mrs Hines: Over there?

The Chairman: Please.

Mrs Hines: I feel like I am at the Contra hearings.

The Chairman: As to guidelines for the presentations, because we have a fairly full program, the committee has instructed me to allow each of the presenters up to half an hour for the presentation. If there is any part of that left, usually the committee has questions of clarification and/or comments. Perhaps you would like to proceed, please.

Mrs Hines: This will not take long. If I suddenly deny all knowledge of Contra funding, it is because of this thing in front of me. I was only following orders.

THEATRE ON THE MOVE

Mrs Hines: My name is Anne Hines and I am here on behalf of Theatre on the Move. You will not have heard of Theatre on the Move, but we are the largest school touring theatre company in North America. In fact, we believe that we are the largest school touring theatre company in the entire world. We perform for about 200,000 kids every year in gymnasiums all across Ontario. We do over 500 performances of original Canadian plays, which are written specifically for our company every year.

When I was thinking about what I wanted to talk to you about this morning, I kept thinking about a program that we received lottery funding for many years ago. It was called the Half-Back program and it was a program we knew was doomed to failure before it even began.

This is how it worked: Teachers were supposed to get their kids to bring in lottery tickets dated between specific dates that their parents had at home. Picture this: Teacher has to get Sarah to go home, get lottery tickets from her parents, which her parents have to go out and buy first. They have to be dated within about a three-week period and then Sarah has to remember to bring them back to school. (a) We knew the teachers would never co-ordinate



it, (b) we knew the kid would never do it, and (c) we knew the parent would never remember it, so none of this would happen.

Even if it did, the secretary of the school had to take each of no fewer than 100 lottery tickets that the kids had collected, stamp every single little ticket on the back with the school stamp, remember to give them to our stage manager when he arrived at the school to do a performance, at which point our stage manager, who is setting up the set, organizing the actors and getting the kids into the gym, is supposed to go through each of the 100 tickets, check that they are all stamped for the right dates and then bring them in to us. For all of this, the school would receive \$50 off the price of a show. We knew nobody was going to do this.

Once the program started, we were receiving 1,000 tickets a week in our office. Everybody was doing it. Not only were we receiving 1,000 tickets, but we were having to take the time to check the tickets, check the dates and send back the ones that were not stamped. They would get new tickets and they would send them back to us. All they got for this, all we got for this, was \$50 off the price of a performance. It was an incredible pain in the neck but the schools did it.

When the program was cancelled because they said there were insufficient funds, the schools called us to say that \$50 was the difference between their having a live theatre performance in their school that year for their kids and not having any arts in the school that year at all. We called the Wintario people and said we would look at as many tickets as they wanted us to if they would reinstitute that program. The teachers called and said they would get as many kids to bring in as many tickets if they could get 20 bucks off the show, if they would reinstitute the program. We were told there were insufficient funds to do that.

I cannot tell you how much lottery money has meant to our company over the last 10 years. We have had interns who have organized tours of northern Ontario for us. We have had office equipment grants that have given us the computers that now show us how to do 500 shows a year. We have had funds for things like Half-Back.

I often think in our work that Christopher Newton, sitting in a Shaw Festival theatre, does not have the satisfaction I have sitting in a school gymnasium seeing one of our plays.

I have seen 17-year-old black young men in the Jane-Finch corridor in a gymnasium crying because they are watching a play about literacy, which tells them that they are not stupid because they cannot read. I have sat in gymnasiums in Rainy River with 150 kids and about 10 teachers and none of those people have ever seen a live theatre performance before, and the teachers tell me that many of them will never see a live theatre performance again. I have sat in gymnasiums in the Beaches and seen a 12-year-old girl realize that sexual abuse is wrong and that there are people who can help her, so she will not go through the rest of her life feeling that something was her fault.

That is how important the lottery funding is to us. Without that funding, our tours would not be going into the schools and without that funding, up until a few years ago, many of the schools that could afford us would not have been able to.

I do not know what else I can tell you this morning, except that the next time I go to a school in the Jane-Finch corridor or in Rainy River or in the Beaches, I want to know that I did everything I could to convince you people that this money is essential to our work. More than that, it is essential to the kids who see us as the only relevant thing that they see in school that year, something they cannot get out of their history books and their English books. I want you to make that happen. It is a promise that you made to those kids and it is a promise that we are going to help you carry out. That is all I have to say. Do you have any questions?

Mr Farnan: I want to thank you very much for your presentation. I was quite enthralled by the description of the program as you coloured it for us. I have an apprehension about that particular program. Maybe I would like your views on it.

It is important that we fund the arts and make it possible for the types of audiences to benefit from these productions. The question that bothers me is this: If we are talking about, let's say, an inner-city school in an area that is socioeconomically deprived, do you think it is a good idea to be encouraging the children to have their parents spend money on lotteries, or should the government not have—I can see where we want to use the funds and the government has made a commitment to use the funds for the arts, culture, recreation and sports, but we also know that it is the poor who spend more of their income on lotteries than middle income or wealthy Ontarians. Do you have any apprehensions about this program that would encourage relatively poor children to encourage their parents to be spending funds on lotteries?

1020

Mrs Hines: I can guarantee you that those kids would not have had to encourage their families to spend money on lottery tickets. We do know that it is the lower income families that buy the tickets. If they bought a Wintario ticket, maybe, instead of a Provincial ticket, then that is fine, but they would be spending that money anyway.

Mr Farnan: I can see where you would want to be saying to yourself that they would spend the money on lottery tickets anyway. You see, my own belief is that the arts and culture should be supported by the government, period, as in Quebec; I believe the committee heard that one per cent of the total budget was directed towards arts and recreation. Can you not see that when the advertisers on television—they spend money to inculcate in children, put pressure on children to buy a certain product, that the same is true of a government. It is possible for a government to use children to get parents to act in a certain way. I think you are entitled to the funds. What I am saying to you is that the particular program you described to us is unethical, and in my view immoral.

Mrs Hines: You are very good but it is not true. If it were unethical and immoral then I would expect my government to stop doing it. We are not encouraging those kids to go out and get their families to buy the lottery tickets. We are encouraging those kids to bring in the lottery tickets after they would have been bought and have been bought anyway so that we can then make use of them for something constructive.

Mr Farnan: Would the child say to his mother or father: "Mom, the teacher has asked me to bring in tickets. If we don't have tickets, we won't get this particular program." Is it not conceivable that this is the type of conversation that takes place and would it not be preferable—I think this is



the question I am asking—if the government said, "Out of the Lottario funds, without tickets, without any pressure from kids on their parents, we are going to give you the \$50."

Mrs Hines: Listen, if you will give me the \$50 without the kids'—sure, that is fine, but there was never any suggestion that you would do that. If we can get the \$50 without the 1,000 tickets a week, thank you very much.

Mr Farnan: I think this is the point and it is a very important point.

Mrs Hines: The point is, is the child going to go and put pressure on the parent to buy a ticket?

Mr Farnan: That is right.

Mrs Hines: No. I work at the Scott Mission as a volunteer and I will tell you that the people who cannot find a buck for the Kraft Dinner are finding a buck for the lottery ticket. This is 1989, and that program has not been in effect for five years.

Mr Farnan: This particular program is going to do more to put pressure on those people to buy the lottery tickets.

Mrs Hines: No. The program has not been in effect for four or five years and the people are still buying the tickets.

Mr Farnan: Okay; thank you.

Mr Reyecraft: I too want to thank you for your presentation this morning. Could you tell us a little bit more about Theatre on the Move? I am particularly interested in knowing how many people are involved in the theatre as you travel from school to school around the province.

Mrs Hines: We run one of the largest theatre organizations, as I said, with the fewest staff members. First of all, we only have three people in the office and only two of them in summer. I am not there in the summer; I lay myself off in the summer. Out on the road, we have four actors and a stage manager. They travel in a van with Theatre on the Move written across it. They have all our sets, our lights and our sound equipment in the back, and our production values are equal to any theatre you will see in Toronto.

They arrive at a school gym at something like eight o'clock in the morning. Picture an actor up at eight o'clock in the morning, but they do it. They take out the set, set it up, set up the lights, set up the sound, get the kids in, do the show, take down the lights, take down the set, put it all back in the van, go have lunch, and then they do it all again in the afternoon. They do it five days a week, two shows a day, right from the time school opens till the time school closes.

Mr Reyecraft: Could you give us some information about the annual budget of the theatre and what your sources of revenue are.

Mrs Hines: Certainly. Our budget fluctuates depending on what special programming we have on. It runs about \$400,000 to \$500,000. We have a very high percentage of box office revenue, which is school fees. School fees make up about 65 to 70 per cent of our revenue, so the schools really are

doing their part to get us in there. We are also funded by all levels of government. We are a professional company, so we are eligible for all funding. Also, there are corporate and private supporters. We have had very good luck with corporate supporters. They have been very kind to us.

Mr Reycraft: In your presentation this morning, you did not actually comment on Bill 119, the piece of legislation that is before the committee and that we are holding public hearings on for a three-week period of time. The principle of the bill is that the lottery profits that are not allocated to culture and recreation should be used by the government for hospitals. Can I ask you for your comment on the principle of the bill.

Mrs Hines: We fully support the Toronto Theatre Alliance's position on this. We certainly have no problem with your giving some of the funding to hospitals. I mean, it is impossible to argue with that. We are not even going to try. We do believe that the surplus that has been saved up over the years, which makes me crazy—do you know how many applications I have put in for things that we desperately need to do our work? We have been told that we meet the criteria, our application is excellent and they do not have the money.

That is our money. It has been promised to us and it has been promised to our kids. We believe we have a right to at least a large portion of that funding. I think what happens to the revenue that is taken in from now on is up for discussion. I have no problem with splitting it equally with amateur sports and hospitals. I think that is fair.

Mr Reycraft: Thank you.

The Chairman: Welcome back to the committee, Mrs Marland. We have missed you.

Mrs Marland: I appreciate that very much. I have missed you too, actually.

I want to commend you, Anne Hines. That is a very powerful presentation you have made this morning. Recognizing that you are speaking on behalf of a very small company that works extremely hard, I think it is very significant that you are here. I think too the fact is that you are here fighting for a program that in itself can be a preventer of mental illness and other kinds of traumatic experience in young people that ultimately can lead to the breakdown of their lives and their families' lives if they are never introduced or exposed to something other than television. And goodness knows, we know how detrimental the exposure to television, in the majority of the programs today, can be to young people. I think your company, Theatre on the Move, is to be really congratulated, first of all, for its existence but also for the fact that it obviously is a very hard-working small group of people.

When you look at the necessity for provincial funding through lottery funds for your programs, in answer to the previous question about what else you do for funding, do you get any direct commitment from the schools or the school boards whose schools you go into?

Mrs Hines: Yes. I said that 65 to 70 per cent of our total revenue is from school fees. The schools pay between \$425 and \$500 for each of our performances. Sometimes that comes from the school. We have people who run bake sales up in Moosonee so that they can have our shows, and we have



wealthier areas that charge the kids \$2 for our shows. This is when the schools do not have the money.

Sometimes they are given a discretionary budget and told, "Great, go buy new English books, basketballs and the arts." Sometimes they just do not have the money in a pot. Some home and school associations are very good about raising the money for the shows. Sometimes the school board will have a special arts allocation, but I am afraid that is unusual. It is usually up to the school itself and usually up to a few concerned teachers to find the money for it.

1030

Mrs Marland: What happens in the end is that it becomes a community effort very often within and without the school in order that those programs take place.

Mrs Hines: Oh, very much so, yes, and especially outside of the downtown core of Toronto. In Rainy River they auctioned off a moose two years ago, which apparently was very successful. They got their \$400 and they brought us in. We do a tour of the north every second year and we get sponsorship, thank God, but we lose our shirts anyway. It is very expensive for us to go there. We give them the shows at less than the Toronto price and it is still very hard. They work very hard to be able to afford it.

Mrs Marland: I just want to say to you before you leave that although the principle of this bill is to give surplus lottery profits to fund hospitals—I want to add to the comments of my colleague Mr Reycraft when he describes the bill as being that. That is perfectly true. The concern that the Progressive Conservative Party has is yes, we agree with using lottery funds to fund hospitals but we have a very real concern if there is not a commitment to continue to fund programs such as yours, because in the long run they are all part of preventive medicine.

Mrs Hines: Thank you.

The Chairman: Thank you very much, Anne. We appreciate your presentation.

Mrs Hines: Thank you. Good morning.

The Chairman: Our second presentation this morning is on behalf of Community Arts Ontario. It is going to be made by John D. Elvidge who is vice-chairman of that group. Welcome to the committee, John.

#### COMMUNITY ARTS ONTARIO

Mr Elvidge: Thank you, Mr Chairman. I believe a short summary of some of my remarks has been circulated to you. My name is John Elvidge and I am vice-chairman of the new organization known as Community Arts Ontario. I am also executive director of the Oakville Arts Council.

I am here today to speak on behalf of the 45 community and regional arts councils in the province and the more than 1,200 arts and cultural organizations and 140,000 individual paid members of this impressive network of arts organizations. We are coming before you to express our concern about this bill in its present form and to explain why we think you should amend this bill before it goes back to the Legislature.

First, let me tell you about the organization I represent. Community Arts Ontario is the association of community regional arts councils, as I have mentioned. I am happy to report that there are now 45 community arts councils in the province with 15 in the process of formation. We are all around the province from Bancroft to Collingwood to Brampton to Thunder Bay, the Niagara region and all parts of Metropolitan Toronto.

Community Arts Ontario was formed by unanimous resolution of those arts councils. I am sure you can appreciate that getting 45 representatives of 45 communities in this province to agree on something is very difficult. We were able to do that this past June, and I can say that was done after some careful review of a feasibility study conducted for us called The Community Arts Councils of Ontario—A Network for Community Arts Development, which I have here.

Some aspects of the dimensions of the community arts movement are included in the appendix which we have circulated to you, and it comes right out of this report. The study, which has now given us a blueprint for long-term development of our association and our sector, was funded in part by lottery profits in the form of a grant from the Ministry of Culture and Communications.

We are very appreciative of that, and I think it is an excellent example of the kind of project that the Wintario and Lottario programs have made possible in this area. I think it represents the kind of project that those who started the Wintario program in 1975 had in mind, a project which has been on a wish list of the community arts councils in the province for some time and simply would have been unable to proceed without some support from the Wintario program.

Arts councils, as you may know, since I believe there is an arts council in each and every constituency represented by members of this committee, are growing in their importance in our communities. Although each one is slightly different than another, most arts councils are themselves associations of arts groups. They bring together the organization and the individual artist, the beginner and the professional, the \$1,000 budget group, the \$1 million budget group.

They bring together all the disciplines, which I think is what is interesting about community arts councils. They bring together the symphony, the little theatres, the painting guilds, the hand weavers and spinners, a whole wide range of organizations. What they share, of course, is their geography. They share the community they are in and their dedication to improving the quality of life in those communities.

Most arts councils provide a basic level of services to arts and cultural organizations, and typical kinds of activities that we are engaged in are the development of co-operative marketing programs, co-ordinating the fund-raising, recruiting, planning, educational activities in communities, basically being an umbrella and service organization for a wide range of arts groups.

In many places in the province—places like Elliot Lake, for instance, come to mind—we are major programmers of arts activities: concerts, exhibitions, subscription series, readings and so on. In places like Elliot Lake where there are no public facilities for the arts, where the municipality does not have a well-developed program in support of the arts and where the education system may not be able to deliver arts programs at a consistent level to the community, we are the only game in town.



More and more, we have been hearing from both the Ministry of Culture and Communications and the Ontario Arts Council about how important it is for municipalities to become more involved in support of the arts, and I am sure that would meet with the approval of this committee as well. Certainly it is an area where the Bovey Task Force on Funding of the Arts in Canada pointed out we need a lot more work.

One vital role that we in community arts councils have been playing in this province is working on the front line on behalf of the province in trying to get municipalities to increase their support of the arts. In my own community in Oakville—and I know, Mr Chairman, you will appreciate this because you sat on the mayor's task force in Oakville that adopted a municipal arts policy—we at the Oakville Arts Council were largely responsible for a municipal arts policy in our town. This is happening across the province. We are putting a little bit more pressure on the municipalities to get involved, and I think doing an excellent job on your behalf as well as on our behalf.

I am not just here today to speak for those 45 arts councils. Although our work is helped by the valuable project funding made possible by the lottery programs, I am also here to speak on behalf of those 1,200 client groups we serve. In our roles as advisers, counsellors, and I must admit sometimes therapists, for these arts and cultural organizations that we are dealing with, we are acutely aware of what is happening at the grass-roots level of arts and culture in this province.

I think there are two kinds of groups that are seriously underrepresented at these hearings. I just want to make mention of that before I talk about the bill. They are the arts and cultural groups from northern and eastern Ontario. Most of my colleagues at arts councils in other parts of the province are unable to be here, and I know some of them have sent comments to you in written form, but I think they are underrepresented and I also think that the hundreds of community-based arts and cultural organizations are not very adequately represented in this process either.

I spoke to my colleague at the Valley Arts Council in Pembroke before coming here today, because I knew she would not be able to be here and I wanted to get some comments from her from the perspective of a smaller place. Her comment to me was that in Pembroke they make every dollar go that little bit further, even more than we in Metro Toronto could ever imagine. Her point was that the lottery money that goes into her community in \$500 dollops here and \$200 dollars there, which seems like small amounts of money that come from this program, makes a big difference and has additional leverage in places like that.

The latter groups I mentioned, the volunteer-based groups, I think have traditionally been overlooked in the lottery programs. I am going as far as to say today that I think an expanded lottery program would benefit a very large group of people who have never received any support through this Wintario program in the last 14 years and who are not really part of the process.

1040

The bulk of these groups; things like the little theatres, the hand weavers and spinners and the barbershop quartet singing groups, groups like this who are providing a very valuable community service have for years been unable to compete for Wintario funds with some of the more sophisticated groups in their communities. I would even go so far as to say that some of the Wintario programs are not very well promoted or marketed or brought to the attention of these groups.

Certainly in my day-to-day job of counselling small arts organizations, I am surprised by the number of people who have never heard of Wintario grants that are available to them. You practically have to push them and get them on the telephone. That is not to say the demand is not there. It is to say there is a level of competence and ability that you cannot expect a volunteer-based group to have on its own.

Let me now turn to the bill and our concerns about it. First, what strikes us is that the legislation and the government's reaction to it seem to be based on the premise that the needs of the culture and recreation communities have crested. I think this is simply wrong. For example, the previous Minister of Culture and Communications told us that existing clients of the ministry should not be alarmed about this bill and that the current kinds of patterns of funding, to culture in particular, were not jeopardized. But the problem is that current needs outstrip the available funds several times over. Combined with an increasing amount of leisure time available to Ontarians and an increasing appetite for arts and cultural activities, these needs will continue to increase.

Preserving the status quo, to me, is simply not good enough. This news that the needs of the culture and recreation community are growing rapidly is not bad news. I think this is very good news and I think it is something this government should endorse. If we know that the needs of the culture and recreation community are growing, why should we be satisfied with the status quo or, more to the point, why should we risk the erosion of funds made available to culture and recreation by passing a piece of legislation that gives future governments no guidelines in this regard?

This brings me to my second point which is that we accept the assurances of the minister and the government that current projects will be protected, that somehow through the kind of demand that we continually exert on the process, current patterns of funding will continue. But I guess our fundamental objection to this bill, to the technical aspect of this bill, is that the bill would permit, as we see it, a future Treasurer and a future government to allocate all but \$1 of lottery profits to sectors other than culture and recreation. We believe that a consensus needs to be reached now about the way the lottery process will be allocated and that this consensus should be set down in the legislation.

I do not think you can blame some of the people who have been coming before you for being nervous about this legislation when you take the context into consideration. If you take a look at what we are facing, the federal government, for instance, continues to make cuts in real levels of funding to the arts. We continue to hear about the federal government's Philistine approach to cultural policy and recently, going further afield, we have been hearing about the witchhunts being conducted by the Congress of the United States into the arts community there through vindictive proposed cuts to the National Endowment for the Arts.

Closer to home, this government has yet to respond to the Ontario Arts Council's five-year plan. That was submitted over two years ago now. I guess what I am saying is that in this kind of environment, when we are looking around us, it is very hard to plan for the future and to have any confidence about where we are going.

One of the program categories of the arts branch of the ministry that is funded by lotteries is called management planning. It encourages arts groups to adopt a longer-term view of operation. This in a field where the short term



maybe takes you to the next concert date or to the next day or the next week. To me this is the ultimate irony. On one hand, the province encourages long-term planning and stability in the arts through this program, but on the other hand, works against stability and works against long-term planning by considering this piece of legislation which worries us and by refusing to deal with the Ontario Arts Council's five-year plan.

So I am not sure how to plan, to be quite honest with you. We are hearing from some of our members that they have written off Wintario funding. I have been told by people, "We've just stopped putting it in our budget because if we get it, we feel we've struck gold and we'll be quite happy," but there is not a great deal of optimism there. I guess what we are seeking is some leadership in the cultural field from this province. What I want to point out to you is that it would not be very hard to be a leader among all governments in North America at this point.

Let me turn now just to a couple of reasons why we think you should amend this legislation, amendments that would permit increases in the availability of lottery profits and would protect that availability. First, I think we are talking about one of the most efficient programs in the Ontario government, and I say that with a limited knowledge of all the programs. But I think it has to be certainly ranked up there, because relatively very small amounts of money go to a relatively large number of grant recipients across the province, reaching and touching a very large proportion of the province.

As an example, the arts councils that are members of Community Arts Ontario serve communities totalling about 6.5 million people in the province. We have all had money at one time, and the kind of reach you get for relatively small amounts of money, I think, is great. Compare that to a capital-intensive industry or a capital-intensive sector where you are making grants of \$500,000 and \$600,000 for one piece of equipment or something of that scale and I think this becomes a very efficient program and quite honestly, compared to the health sector, one that does not cost you a lot of money.

I talk about \$500,000 grants, but at the other end of the spectrum what you need to know is that a lot of the Wintario grants are made in \$500, \$1,000, \$2,000, \$3,000 amounts. They are relatively small amounts of money, but at the client level that I deal with on a daily basis, these are often the determining dollars in making a project fly.

I have already addressed the second reason why I think you should amend this legislation, that is, that the needs of our sector are going to increase. I am not going to really go much further than that, because I think you have two excellent documents at your fingertips. One is the 1984 report of the Ontario government's Special Committee for the Arts, which developed a fairly extensive database on participation levels in the province. The other is the Ontario Arts Council's five-year plan and its submission on the problems of artists, and I think these speak for themselves.

I guess the simplest way I can describe my third reason for urging you to change this bill is this. To the arts, \$150 million or \$200 million, or whatever figure we want to finally come down to talk about, is a lot of money. Relative to the money that is expended in the tax-based programs of the ministries it is a lot of money. For hospitals in the province, \$150 million, to me, does not sound as if it would solve a lot of problems.

Let's face it. The problems of the health care system are as much about

the reallocation of existing resources as they are about the infusion of new resources. For the arts, on the other hand, we are talking about funds that will make the difference, do make the difference and, in comparison to the tax-based dollars that are spent on arts and culture, are enormous. That is why arts groups have been here in such great numbers.

In conclusion, I just want to review the major points I tried to touch on. We are concerned about this legislation because its central premise, that the needs of culture and recreation have subsided, is wrong. We are not confident that future governments will resist the temptation of using this lucrative source of funds to pay for programs in anything but culture and recreation.

We lack the confidence that this government is serious about the culture and recreation needs of our communities. This bill, plus the silence on the OAC's five-year plan, leaves us a little uncertain about where we are going. We think you should consider an amendment to the bill because not only do we think it is in our best interests, but we think it is in yours. We think it is in the government's best interests. It is an efficient program. It achieves a lot for a relatively small amount of money. Moreover, this is a fundamental funding issue for culture and recreation but, we suspect, a marginal issue for the health care sector.

1050

On the subject of the one third amendment, we would certainly urge you to consider no less than one third. Although we feel this is less than required to do the job effectively, it is none the less a compromise that will expedite this process and let us get back to what we do best and stop expending our energies on fighting this bill.

That is the extent of my comments. I would be happy to answer any questions.

The Chairman: Thank you very much for a very comprehensive report, representing a significant section of the cultural community. I have a number of committee members who wish to make a comment or ask questions on the list already; they are Mrs Marland, Mr Laughren, Mr Reycraft and Mr Callahan. I would like the committee to keep that in mind as they comment or query.

Mrs Marland: I notice, Mr Elvidge, that your office is in the Mississauga civic centre; so you probably have the pleasure of working fairly closely with Laurie Pallett, who is a leader, executive director, of our Ontario arts groups.

Mr Elvidge: That is correct. The Mississauga Arts Council is the host to our provincial organization and has made great contributions to our work.

Mrs Marland: I think some of the points you have made this morning are quite poignant and certainly very apt. When we talk about arts councils—and we are speaking of visual and performing arts—and look at the kinds of community-based opportunities there are for the general public to perhaps go to see an art exhibit or hear a community orchestra or community concert band for the cost of a movie, we recognize very much what the volunteer organizations of arts councils are all about.

I want to assure you that the Progressive Conservative caucus is



planning to give the Ontario Liberal government the opportunity to save its grace with the arts and recreational groups around the province, because we will be placing the kinds of amendments this bill needs in order to protect the interests you address.

You said the current provincial government has not yet responded to the Ontario Arts Council's five-year plan. How long has that plan been with the ministry waiting for a response?

Mr Elvidge: I am not an expert on that process, but I believe it is about two years ago that the plan was submitted to the minister.

Mrs Marland: And there has been no response for about two years?

Mr Elvidge: There has been no official response, certainly, none that we at the client level have heard about.

Mrs Marland: We also agree with your comments that there is nothing in this legislation that protects any of the funding, except a single dollar possibly, as you pointed out. We are not even sure that some of this money may not flow into the general revenue fund, as a policy of the government following the legislation, which means it is possible that it may not be used just for hospitals but for building roads, bridges and anything else that is a government expenditure.

I am sure your group would be very happy to see a hospital lottery established for just hospitals, so that if people buy tickets they can choose to support hospitals or recreation and cultural groups.

You also said this morning that what you are looking for is a percentage, possibly a third. Is that a figure the Ontario arts councils have come up with, based on the historical amount of lottery profits?

Mr Elvidge: Yes. We have reviewed the position of the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario on this and our group is generally supportive of the alliance's position. As I pointed out—I know several members of this committee have also pointed it out—if you accept my logic and my argument that the needs are going to increase over time and that there are already scores and scores of applications out there that are turned down and the need is not met, then certainly that would lead one to believe that anywhere between one third and three thirds would be an appropriate number. But I recognize that the one third here is a compromise. As I said, there was some agreement on it, some consensus, and as I said in my submission, if it expedites the process, let's get on with it so that we can get back into a planning mode and know what to expect from the government.

Mr Laughren: I appreciated your presentation. I was struck by one of your comments about the existing organizations that are being funded. What is worrying many of us is: What happens to the new, smaller organizations that are just starting up? Many of the existing organizations out there have said to us in the last week when appearing before the committee that what really got them going in the first place was a small lottery grant. Some of us are very nervous that that kind of startup or seed money will not be available in the future if more is taken away from lotteries and given to hospitals because of the insatiable demand in the health care system.

I am wondering if you are aware of any small organizations that started up that way with lottery funds.

Mr Elvidge: Sure. Community Arts Ontario is one, funding this feasibility study. But among the client groups the 45 arts councils serve, there are scores of them. Specifically—I am trying to think of my own community—I know there are groups in my community which are perfect candidates for small grants from the lottery program to assist them in activities. The Oakville Stitchery Guild or the hand weavers and spinners come to mind. They would benefit from very small amounts of money given to them through Wintario and would in turn be able to grow, attract new members, develop programs that would enable them to become more competent at raising their own resources.

Very much so; I think the seed value of the Wintario moneys has been of great importance.

Mr Laughren: That has many of us very worried about this legislation.

You made one comment I wanted to ask you about: a witchhunt in the US arts community. I did not know what you meant by that.

Mr Elvidge: I refer you to the Globe and Mail about that.

Mr Laughren: I missed that.

Mr Elvidge: As I understand it, it is a bit of censorship issue. Some members of Congress have been taking out their frustrations or their own views on contemporary art on the National Endowment for the Arts, and it is starting to erode the arm's-length process in that country.

Mr Laughren: I see.

Mr Reyecraft: Thank you for your presentation. I want to pick up on something Mrs Marland suggested to you a few minutes ago. She indicated that she believed you would agree with the use of a special lottery for hospital funds. She did not give you a chance to respond. I detected an affirmative nod of your head, but I just wondered if you wanted to comment on that.

Mr Elvidge: I cannot comment on behalf of the organization, but certainly I can say that it would seem to be an equitable system, where the consumer had the choice. To me, it would also solve the problem of the amount and the dedication and the allocation.

Mr Reyecraft: In its budget earlier this year, the government indicated it was going to introduce a new lottery called Cleantario. Their intention is that the profits from that lottery should be used for environmental cleanup projects. If that were clearly stated and indicated, would you or your association have any objection to the use of those lottery profits for that particular purpose?

Mr Elvidge: Again, we have not discussed that as an organization, but I do not know of any opposition to that at this point in time.

Mr Reyecraft: You indicated on page 2 of your brief that you are concerned that the government had assumed that the need for programs related to culture and recreation have subsided. I am not certain what it is that has given you that impression.

Government funding for culture and recreation programs, both from lottery profits and tax revenues, has increased significantly and steadily



over the last four or five years, from I think it is \$282 million to \$418 million per year over the past five years. That is an average increase of 9.6 per cent per year. It seems to me a clear indication on the government's part that it recognizes the need for additional funding for culture and recreation programs. It certainly does not indicate that they believe the need has subsided. Can you tell me what it is that is giving you that impression?

1100

Mr Elvidge: What is giving me the impression is working at our level, at the community level, but in some of the numbers you are mentioning, I would not be surprised to find that some of that money is spent on crown agencies, which for the purposes of this discussion I am not even prepared to comment on. What I am concerned about is the actual direct grants made to arts and cultural organizations through granting programs. Even at nine or 10 per cent a year, I guess what I am putting before you is that the need outstrips current funding levels several times over, much more than nine or 10 per cent.

Again, what I would urge this committee to do is to take a look at a whole roster of arts and cultural organizations that have never received Wintario funding because they have not been part of the process; they have been left out of the application process. They do not meet the criteria.

So what I am saying is that there is plenty of opportunity to do more, more than nine or 10 per cent. When we measure the oversubscription rate of the Wintario programs, one thing you need to keep in mind is that what is happening at our level is that we are hearing from ministry people—we are not even getting rejected. We are being told to not even bother applying. I do not think that is factored into the five and six times the number of applications that I have heard from people; that is not even factored in.

If what you are saying is correct, and I do not have any knowledge of the public accounts, that is great, nine or 10 per cent increases are great, but we are talking about a more wide-ranging problem.

Mr Reycraft: Also by way of comment, Mr Elvidge indicated some concern that a lot of the groups from the north and from eastern Ontario were not going to be able to appear before the committee. I should indicate that two weeks from today, we will be in Ottawa. I am sure we will be hearing from a number of groups from eastern Ontario.

The Chairman: We have time for one brief question. Mr Callahan, we have only two or three minutes left.

Mr Callahan: I do not understand how you see what is proposed as being different from what was previously in existence. Previously, under the existing bill, all of the money from lotteries went into the consolidated revenue fund. That is where the government pays its bills from. All this bill is doing is putting up front where the surplus goes. In the past, under the previous government, with section 9 it did not tell you where the surplus went. They just accumulated it and spent it on whatever they liked. What this government is saying is that we believe people should know where that surplus will go, if there is a surplus.

That, plus eliminating the notional surplus, which is gone; they ran away with it before we even got the government. It is just not there.

I have to add as well—I think the Hamilton Spectator says it very

well—that the increases in funding, if you look at it over the period of our government—it gives some figures on it. Ontario allocated some \$96 million for culture and recreation in 1986 and is spending \$97 million for that purpose this year.

I have always been a believer that governments can do anything. I am as suspicious as you are of any government; I think we should all be. That is what elections are all about. But surely to heaven, if there is a track record there that shows a commitment to recreation, sports and culture, I would be prepared to accept that record and rely on the fact that it will continue.

As far as reducing it to \$1 goes, your comment that some government might reduce it to \$1 and all the rest to whatever, well, that is what elections are all about. Any government crazy enough to do that—I know Ottawa has, and they will see the results of that probably in the next election, and well they should. That is the ultimate weapon the public has.

But I think what we have done is put it up front. We are telling people where it is going.

Just finally, if I could, many of the groups have asked for one third of the lottery funds. Think about it, in your concern about governments and what they will do: If, by some odd chance, and it could happen, the lottery profits decreased and the groups came to the government and said, "Well, hey, we asked for a third but we want to change it now," the government could say: "Well, sorry. You asked for this. You got it. You have to take the good with the bad. It is a double-edged sword. Go away."

If you look at what has gone on over the period of time, the funding by the province increased by \$47 million, whereas the profits of the lotteries only increased by \$15 million. If you get into bad times, you could have a situation where there might not be enough money there. I think that is a real consideration.

Mr Elvidge: On the first point about the allocation, saying basically that this bill is only putting up front what has been happening, I guess the reason we are here and are so upset about this is that to the best of our understanding, the intentions of the Wintario program were that all of that money was to have gone to culture and recreation. To me, "surplus" in terms of culture and recreation just does not make sense.

Mr Callahan: That was not what the former section 9 said. It was very interesting wording by the former Conservative government. It said that it would go into the consolidated revenue fund "to be available." Heck, that could be available for anything. That is not a commitment, not a trust, and we are trying to put it in—

The Chairman: I am going to have to interrupt, Mr Callahan. Would you allow Mr Elvidge to finish his rebuttal, please. I am going to have to terminate this. We are already three or four minutes overtime.

Mr Callahan: Sure.

Mr Elvidge: I admit we may have been asleep at the switch or we may not have understood, as a community, the implications of section 9 thoroughly. But what I am saying is that we and I think the consumers of lottery tickets in this province were under the understanding that the program would fund cultural and recreational projects. What I am saying to you is that surplus in



that program does not make sense. I do not know how there could be a surplus, because I am telling you that the rate at which people are subscribing for these grants far exceeds the money that is there. I guess I just view it from a different perspective.

The Chairman: Thank you very much for your presentation. As I indicated earlier, you represent a significant part of the cultural community of Ontario and you have presented its view very well. Thank you very much.

Mr Elvidge: Thank you.

The Chairman: Our third presentation this morning is on behalf of the Northeastern Ontario Regional Sports Committee. Grant Southwell, the president, and Sharleen Piotto, the regional sports development officer, will be doing this presentation. Feel free to start whenever you are ready.

#### NORTHEASTERN ONTARIO REGIONAL SPORTS COMMITTEE

Mr Southwell: Thank you. My name is Grant Southwell. I am the president of the Northeastern Ontario Regional Sports Committee and, as such, I am a volunteer. By profession, I am the chief administrative officer and clerk for the township of Michipicoten in Wawa. I have taken a day of my vacation to come and speak with you as president of our organization because of the concern we have with regard to the pending legislation.

Beside me is our regional sports development officer, Sharleen Piotto, who is one of the two full-time employees we engage in the northeast to operate the programs and do the work that the sports committee has been mandated to undertake.

It is a pleasure for us to be with you this morning and to be given the opportunity to speak to the committee about this concern we have.

The Northeastern Ontario Regional Sports Committee, which we call NEORSC, is a nonprofit agency with a volunteer board of directors and full-time staff. As a regional sports development organization, NEORSC works with groups in the amateur sports scene, including sports governing bodies, recreation departments, community organizations and the Ministry of Tourism and Recreation, to meet the needs of amateur sport throughout northeastern Ontario.

NEORSC has a mandate to serve the northeastern region of the province, one of the largest of the five regions in Ontario. The northeast includes the districts of Algoma, Sudbury, Manitoulin, Nipissing, Parry Sound, Cochrane, and Timiskaming. The goal of NEORSC is to facilitate the development of amateur sport in northeastern Ontario. We are involved in a number of multisport initiatives aimed at assisting sport.

1110

Specifically our objectives are:

1. Program and resource development to assist in the development and delivery of programs and resources appropriate to the needs of amateur sport clients in northeastern Ontario.

2. Co-ordination. The Northeastern Ontario Regional Sports Committee co-ordinates or assists with a number of sport development projects in the

areas of research, leadership, development, games, etc as determined by client need.

3. Communication. To communicate sport information of regional interest throughout northeastern Ontario. Sport groups also use NEORSC as a vehicle for voicing issues/ concerns about amateur sport in the region.

As the voice of amateur sport in northeastern Ontario, we are here to advocate on behalf of a number of groups from throughout the region who have expressed their concern over Bill 119 and the already overburdened giant system which does not currently meet the basic needs.

I will begin by providing you with some background information which indicates and supports your own government's policies regarding the need for sport to improve health. "History suggests that present sedentariness is a recent development which may be at least partly responsible for such adverse health trends as the 20th century epidemic of coronary heart disease. Physical activity is a positive influence that tends to further positive health and counters an adverse lifestyle...The concept of activity and fitness are key determinants of whole-body or total health—ie, physical, psychological, social, cultural and spiritual wellbeing—helping to meet the life goals of both the individual and the community."

This is a quote from the findings of the International Conference on Exercise, Fitness and Health held in Toronto on 29 May to 3 June 1988, as published in the Canadian Journal of Sport Sciences. This conference and its findings were supported, among others, by the Ontario Ministry of Tourism and Recreation and the Ontario Ministry of Health.

Also, the Ministry of Health published the mandatory health programs and services guidelines in April 1989, pursuant to section 7 of the Health Protection and Promotion Act, 1983. "The purpose of the standards is to set out the requirements for fundamental public health programs and services targeted at prevention of disease, health promotion and health protection."

In recognizing the inherent need for physical activity in ensuring the prevention of disease, physical activity promotion is a clearly designated program standard as outlined in the guidelines. It states the following as program requirements for community boards of health as funded by the Ministry of Health: "The board of health shall maintain liaison with health, education and social service professionals, recreation organizations, voluntary organizations, agencies and other groups to contribute to the promotion of regular physical activity...The board of health shall support and encourage community-initiated efforts to promote regular physical activity for people of all ages as appropriate."

To further limit the funding to sport defeats and contradicts the above stated guidelines. Further, in the north, unlike southern Ontario, communities rely very heavily, 75 to 80 per cent, upon provincial and federal government support. With so small a tax base to cover the basic necessities, sport and recreation tends to be left behind.

Therefore, in small, isolated communities where sport and recreation are so important to the morale and wellbeing of the community and to the prevention of alcohol and drug abuse, for example, facilities and programs are far too limited. Also because of the barebones funding, communities are forced to be pitted one against the other rather than seeing "that the resources represented by this diversity (are) harnessed, partnerships consolidated and



delivery systems enhanced to ensure that the needs of all Ontarians are met."

This is the direct quotation from the community recreation policy statement prepared by the Ministry of Tourism and Recreation. Further, it goes on to state that "by adopting this statement, the government of Ontario publicly recognizes the importance of recreation and indicates a commitment to assist in ensuring that adequate opportunities are available to all citizens, to fully participate in recreation activities appropriate to their individual needs, interests and abilities." By continuing to limit funding, can we expect that the needs of all will be served and that the government is truly committed to this?

In northeastern Ontario, approximately 50 per cent of Wintario capital grants are approved, for a total amount of between \$3.5 million to \$4 million, 14 to 15 per cent of the provincial capital total of approximately \$14 million.

Let me now cite for you a small portion of the many communities in the northeast who have not been ensured adequate opportunities due to the 50 per cent or so of the applications which are not to be funded.

In the town of Parry Sound, the community has banded together over the last four years to build the multipurpose Kinsmen Centennial Park. This \$600,000-plus project has received only \$200,000 from Wintario and was seeking to complete the two ballfields, multipurpose field, playground area, horseshoe pitches, jogging track and public shelter. They were seeking \$77,500 of this \$155,000 final phase for the remaining landscaping, etc, but received none. The project to date remains incomplete.

In the town of Walden, a small community outside of Sudbury, a 16-year-old arena requires reroofing. In the most recent structural analysis study done of the facility, now five years ago, the roof had been deemed to require extensive repair. This is supported by the Ministry of Labour and it indicates the need for repairs in order to protect the structure's wooden supports from water rot. The project has been applied for on three consecutive years and has been unable to be funded.

The local government realizes the urgency of this \$325,000 project and has approved, in its next year, the go-ahead whether provincial support is forthcoming or not. It is the choice between \$325,000 now or in future replacing a \$3 million building. What other programs or services will be lost as a result of this emergency?

In the community of Sturgeon Falls, a two phase, capital facility was undertaken. The first phase, a new community hall, was completed and supported by Wintario in 1986. The next phase, a pool, was applied for in the following year, 1987, and was rejected. In 1988, it was again rejected. Now a third application is being processed. Costs continue to escalate while programs continue to be delayed. What if, again, the project sits idle?

The final example I would like to bring to your attention is from the town of Kapuskasing. A very active group of squash and racquetball players endorsed by the municipality was seeking support to fund a \$250,000 racquet club as part of the municipally owned golf course. This worthy project has been rejected. Because the project has not been funded, the participants must continue to play in the basement of the old city hall in dank, dark coal bins. Would you tolerate this ludicrous situation?

At one time, as with most government services, culture, recreation,

sport and fitness received their funding from the tax base. The government of the day convinced us that we would be provided for equally, if not better, from lottery proceeds. Currently, no tax-supported dollars are available to sport and to provide no guaranteed funding further jeopardizes an already tenuous situation. We feel that this is unfair and that to withhold and redirect the accumulated \$400 million in profits away from its intended dedication, sport, fitness, recreation and culture, into hospitals, is illegal.

Be assured that we are not against hospitals. We all want the best health care system possible. But let's not cut off our nose to spite our face. We believe that the only means of reaching a fair decision for all is by ensuring the legislation includes the following:

1. The accumulated profits of the dedicated Ontario lotteries, \$400 million, should be treated as a trust fund and the interest should be allocated annually for the support of culture, recreation, sport and fitness;

2. One third of ongoing annual profits of all six lotteries should be allocated for support of culture, recreation, sport and fitness. This is consistent with the intention of the current Ontario Lottery Corporation Act and in keeping with the existing and anticipated needs of the recreation and culture sectors. These ongoing profits should continue to be used for capital projects and other nonrecurring purposes.

We strongly believe that if you ignore these compromise suggestions you ignore the health and wellbeing of the future of our province. On behalf of the member organizations, the hundreds of thousands of volunteers, coaches and officials, and the youth and seniors who we serve in northeastern Ontario, thank you for this opportunity and I wish you wisdom in your deliberations.

The Chairman: Mr Laughren has the first question or comment.

1120

Mr Laughren: As a resident of the town of Walden, almost within throwing distance of the arena roof, I am familiar with that problem. In fact, as we speak, they are on the roof replacing the existing one today.

I wonder whether or not, as someone who represents the northeast—for example, Walden has a population of 10,000, and a \$325,000 bill for a population of that size is pretty substantial. People who are used to dealing with \$30 million to the domed stadium sometimes sneer at small numbers in northern Ontario. I am wondering if you have a sense of the difference between the importance of lottery grants in the north versus lottery grants in the south. Do you have any sense of that?

Ms Piotto: It is certainly indicated by the number of applications. The 50 per cent or so which are rejected tend to go undone. We rely very heavily on them. We are looking at the fact that 75 to 80 per cent of the communities in the northeast tend to rely solely on granting, as opposed to probably the reverse here in the southern communities.

Mr Laughren: Here it is almost like icing on the cake; up there it is the cake.

Mr Southwell: I think to be fair, too, the opportunity is something that we are very cognizant about. If we can offer the residents of the northeast the same opportunity as the residents of the south, then we will



have done a fairly good job in insuring that people have equal access to their leisure opportunities.

The problem we have, and speaking now from the administration side of a municipality, is that we find that we continue to raise, albeit with great difficulty, money to operate facilities for leisure services. But we find it extremely difficult to set aside enough capital in a campaign to establish the facilities we need to make those opportunities available. We have to continually fight it out with snow removal equipment and other necessary capital expenditures that our municipality and many municipalities in northeastern Ontario, if not all of them, are required to make on a yearly basis.

It is a real juggling problem of who gets the dollars this year, because certain things are givens. You just cannot go through a northern Ontario community in the winter without snow removal equipment, and they seem to come up on the high-priority side every time we go to budgets. Leisure services are shuffled along if we can afford it. Very often now we cannot afford it without provincial assistance.

Ms Piotto: Again, I would like to just very briefly bring you back to the example of Kapuskasing. I was just totally flabbergasted that here is a community, albeit a small community—but I do not think that any community in southern Ontario would ever tolerate playing squash in a coal bin where you have to dodge puddles. That is completely ludicrous and in my mind, also very unhealthy.

Mr Laughren: As an avid squash player, I resent that very much.

Finally, may I commend you for your direct language on page 5 in the first paragraph. "We feel that this is unfair and that to withhold and redirect the accumulated \$400 million in profits away from its intended dedication, sport, fitness, recreation and culture, into hospitals, is illegal." It truly is making something legal after it has been done. It is like robbing the bank and then passing a law saying that in this case it was legal to rob the bank. I can tell you, as someone who has watched this process for some time, that is as close to stealing as you can come. That is why this bill is being passed—it is to make that theft legal. That is exactly what it is. I commend you for the directness of your language. I wish I were as direct.

Mrs Marland: I commend my colleague Mr Laughren for his directness, and you did say it.

Mr Southwell, I thought what was really significant when you started this morning was the fact that you introduced the group that you represent as being a group of volunteers. The fact of the matter is that we probably would not have a tenth, or maybe less than that, of the recreation, sports, culture and physical fitness groups around this province without the volunteers, because government could never afford the equivalent in hours that volunteers donate. Certainly we commend you for your contribution as a volunteer. Even being here today I think speaks very highly of the kind of commitment that you have to the people you serve in the north.

Because what you said this morning goes on the record as an audio into the Hansard, I do not know whether Hansard picks this up and I say it with respect because I am not sure what our clerk does and this may be superfluous, but on page 2 there was a key word where you said, "The concept of activity

and fitness are key"—the word is "determinants" in your presentation, but I think I heard you say "detriments." Because there is such an important difference between those two words, if that is not something that Hansard picked up, it is something that needs to be corrected because I do not think anybody reads these into Hansard after the fact. Because that is such a poignant part of your presentation—

Mr Southwell: Determinants is the right word.

Mrs Marland: I think what is really significant in everything that you are saying of course is that we must not lose sight of the fact that even when municipalities, as you mentioned—are you in administration in one of the municipalities?

Mr Southwell: Yes.

Mrs Marland: —and individual groups, everything is still based on matched funding. It is not as though any group in this province is coming to any government and saying, "We want you to pay for our—" whatever the project is. The fact is that when those groups and those municipalities and those communities of any size anywhere in this province work together to provide their own facilities on a matched funding basis, what a great binding project that is. That is one of the tremendous things that we have seen in the last almost 15 years, that we have had a lottery funding opportunity in Ontario for these groups. There certainly is, I know in your opinion, no need to weigh one versus the other in terms of hospital funding. That is not the issue.

Mr Southwell: I think in fairness, Mrs Marland, the people in northern Ontario do not wish to have the attitude prevalent that the people in the south support us. In this very important area we can say with our head held high that the taxpayer of the south does not support the taxpayer of the north in terms of equal leisure opportunity because the profits or the money raised from whoever chooses to buy a ticket supports the cause everywhere. I think we are speaking now for every sports, fitness, culture and recreation activity. It matters not whether you live in Windsor or you live in Wawa. The opportunities to apply are there. If those opportunities are removed, then the system has no other basis for which to apply for provincial support unless another basis is to be introduced.

I am some 20 years into the leisure field and know that years ago we did receive money from the province on a tax-base situation. The taxpayer paid for it. When the lotteries were introduced, that was removed and we were told to cut the cloth according to what the lotteries could raise and we agreed. Now what you are telling us, in our view, is to take your chances. We do not think that the chances are going to be very good if the legislation is proceeded with. All we are asking for is somebody to be fair and equitable with us in regard to the tremendous capital that it takes to provide leisure service facilities in northeastern Ontario, as well as to give us some help with the programs.

We have minor hockey activity in the north and you know some of the best minor hockey or hockey players have come out of Ontario, some in northern Ontario. We cannot get enough peewee aged players together to play one another in our community. They have to bus somewhere else to play another team. That is expensive. Down here, you get the parents to drive them 20 miles in a car to another arena, which is readily available, and they can play a game. You cannot do that in northeastern Ontario. These lottery funds are given to minor sports to help them travel. If they were ever removed, the opportunity for



children to enjoy those activities would be lost because the cost to travel is prohibitive, just unbelievable, and we have to travel. It is two and a half hours from Wawa to Sault Ste Marie to play another team. It is an hour and a half into Chapleau, an hour up to White River, two hours to Hornepayne. Get a game together. Go ahead, but how are you going to get there to play? It is the old story of renting the bus, get the coach to dedicate the weekend because it means you have to stay overnight and the whole bit. It is not as simple as it is in the south. I always love coming back south because everything is so close together and it means you can do that.

1130

Mrs Marland: Just one fast, final question. As a municipal administrator, and I am not sure if you did say what your position is—

Mr Southwell: Yes, I am the chief operating officer/clerk in the municipality.

Mrs Marland: Which municipality?

Mr Southwell: Township of Michipicoten and Wawa.

Mrs Marland: In that position, if this legislation goes through, would it be almost impossible for your municipality to make plans to provide any of these facilities in the future?

Mr Southwell: It certainly would. We provide now a no-cost leisure program for our youngsters in our arena; our ice is absolutely free. We cannot charge because they cannot pay, but we do say to them: "There is no subsidy for you to operate your programs—minor hockey program, figure-skating program. If you wish to travel to take games and to enter competition, raise the money on your own. We will make the opportunity at home available to you." No child in our community can ever say he was denied the opportunity to learn because the municipality put a head tax on the entry or a user fee to utilize the facilities.

I think we are probably one of the few that still do not charge, but the local politicians have deemed that it is probably cheaper to let them in for nothing than to have them stand out in the road saying, "We cannot get in because you charge us too much in ice time, plus we have to pay to travel to enjoy any competition." We have tried to level it out the best we can. The local taxpayers are quite happy to pay that bill, but they are not happy to pay horrendous travel costs for people who happen to make the team or who wish to compete in their activities. The travel has always been a real problem. That is on the operational side of the ledger, if you will, in terms of the Wintario funding.

The capital is another matter. Our arena was built in 1958 and the plant put in 1962. It is hurting. We have an ageing plant in our facility. There is no money. We had to replace a compressor and we took \$24,000 out of reserves two years ago and that hit us overnight. We just cannot assemble that kind of capital to wait for the rainy day to happen. It is important to us.

Mr Farnan: My question is a very brief one. Sometimes you have an idea of what the government is going to do. Let me give you an example in the area of insurance. The Premier (Mr Peterson) made a statement before the last election that he had a very specific plan to reduce auto insurance, for example. Did the government give any indication in this area of what it was

going to do vis-à-vis the lotteries prior to the election?

In your mind, do you have any knowledge of the government saying: "In our new mandate, one of the things we are going to do is we are going to change the premise upon which the lottery was based. Basically, the agreement that existed in the past was that it would be used for these specific purposes. Now if we are re-elected, we are going to change that base"?

Mr Callahan: There was a government bill in Orders and Notices when the election was called.

Mr Farnan: Yes. Was it discussed?

Mr Callahan: It was on the order paper. It was certainly made public.

Mr Farnan: Yes. I think that is important and I think it is worth knowing, but I am asking—

Mr Callahan: Now you know.

Mr Farnan: Excuse me. Without interruption—

Mrs Piotto: We were aware of Bill 38. We had fought to remove that bill and it was removed.

Mr Callahan: No, it was not. It was not proceeded with.

Mrs Piotto: Yes. We were told that it would not be proceeded with.

Mrs Marland: Right.

Mrs Piotto: Therefore, this is a new bill, Bill 119.

Mr Farnan: Basically, to try to get the scenario clear, when the government gave some indication that it was moving in this direction, there was an outcry and then the government said, "No, we will not go in that direction." Then, with its mandate, suddenly, it appears again. Do you feel betrayed by that?

Mr Southwell: I do not know if I should comment on that. I think we are getting into the politics, but we were aware of Bill 38. As you may have known, most municipalities in Ontario responded to Bill 38. We were certainly against it and it probably was the writing on the wall subsequent to the last election that the government of the day would see fit to continue on that tack.

From the standpoint of our vested interest groups and organizations in northeastern Ontario, we are here today to tell you that we do not agree with you. That is probably the best statement I could make without getting political about whether we were advised specifically in advance or not. We are advocating for amateur sport in northeastern Ontario, and that is the hat I am trying to wear this morning.

Mr Farnan: I think what I am trying to do is to look at the reality of the situation also. As groups, you have to come here and be honest as well and look at the reality of the political situation.

Prior to 1987, you had a minority government and certainly when the people of Ontario spoke, it appeared that the minority government was more



responsive. With a majority government, one would hope the government would have the same openness to listen and to respond. The groups are saying the same things now as they said with Bill 38, but the government at this stage is apparently inflexible, whereas under a minority government it listened. We would hope that they will continue to listen and make the same decision that they made with the previous legislation.

Mr Southwell: Yes. I would agree, and we would hope they would too.

The Chairman: Mr Callahan, you have time for a brief question or a comment.

Mr Callahan: Very clearly, Bill 38, when it was before the House, was not as clear as this one. In fact, it cut out all mention of culture, recreation, sports and so on, I think you will recall; so that in fact what has come back is a bill that is not much different than what the Conservative government had in place except that it tells you up front what happens to a surplus, if there is a surplus.

I am not going to repeat what I indicated to the other people. If you go to a hockey event, you normally rely on the track record of that hockey team or that sports event to see what the future might hold, and I would say that the indications on this government's track record are pretty good. The Hamilton Spectator says it all: \$96 million in 1986 and \$97 million this year, increases of \$47 million—and you are nodding your head so just for the purposes of the record—

Mr Southwell: I have not read your article so I assume what you are telling me is accurate.

Mr Callahan: It is reported in the Hamilton Spectator. We have already heard on a number of occasions from the parliamentary assistant that the increases have been 9.6 per cent, which is twice inflation; so I am not concerned about the track record of this government. I would be concerned—and I will agree with you on this point—that if the legislation is such that another government could use it to flog the culture, recreation and sports that is where I see the real danger of groups coming forward and asking for a third of the lottery profits. Profits are great now, but if they decline and you have another government in place that does not really care about culture, recreation, sports and so on, and your groups come before it and say, "We would like a little more money," the government of the day can say: "Sorry. You lobbied for a third. You have got it and you are stuck with it." That is a real double-edged sword.

Mr Southwell: I agree with you. I think you have certainly raised an area of concern. First, we do not think there should have been any profits ever established. The needs are there, yet they were not met; so why that money ever got to be in some consolidated reserve account baffles us.

Mr Callahan: That is where it was directed. The legislation under the Conservative government said it went to the consolidated revenue fund.

Mr Southwell: It was supposed to go to sports, culture, fitness and recreation.

Mr Callahan: It was to be available. That was the wording they used. They were very neat words, "to be available."

Mr Southwell: We have let them off the hook for years. I am not sure if we pushed hard enough in terms of the reserves being built up when the needs were there; but suffice it to say, I suppose, if the shoe were on the other foot, we would ask you to give all the lotteries to the hospitals and put us back under the tax base. To give us due credence, it might wash pretty well with the leisure communities or the concerns in Ontario because the way we feel about it now is that you are right, depending on how the profits or the revenue take on the lotteries go will determine how much is available for funding. We have accepted that as a basic premise for years.

What you say is accurate. If the profits go down, the amounts available will go down; and we asked for it. I guess we should pump the communities into buying more lottery tickets, I suppose.

1140

Ms Piotto: We were also under the understanding that those dollars were not there. In other words, the reason that 50 per cent of communities in northeastern Ontario did not receive their just desserts in terms of application was because there was no surplus: "No money available. Sorry. You are cut off."

We are then told there is upwards of \$400 million in this consolidated revenue fund. We want to ensure that the same thing does not happen under your government as well, in that you leave the bill so ambiguous that you are then taking revenues away from small communities that cannot have a squash court.

Mr Callahan: We are trying to be upfront by saying that notional surplus is gone and we are starting from day one.

The Chairman: Thank you very much, Mr Southwell, for a very good presentation.

Mr Southwell: Thank you very much, ladies and gentlemen of the committee, for taking the time to listen to us. We appreciate it.

The Chairman: Our fourth and final presentation for this morning is on behalf of the Koffler Gallery. Jane Mahut, the director of that gallery, will be making the presentation.

#### KOFFLER GALLERY

Ms Mahut: Thank you very much. I think you all have a copy of the letter that I sent in about what it was that I was about when I come to you as a gallery director. The gallery is a public nonprofit gallery. Therefore, it is part of the Ontario Association of Art Galleries. I know there is a stand that the public galleries of the province have taken. I am not quite a part of that alliance. I differ somewhat. That is one of the reasons I particularly wanted to come forward and speak.

I would like to start, as I did in the letter, as a private citizen to begin with, which is my right to choose. My right to choose whether I buy a Wintario ticket or any other lottery ticket is my right and what that money is used for plays a role in which lottery ticket I buy. That may not be everybody's way of doing it, but it is mine.

I never lose on a lottery. I cannot lose on a lottery. I am not betting because my money is supposed to go to help the field that I am committed to;



and if it goes to that field, how could I be losing? If I happen to get a prize because the right numbers were drawn, that is my luck. That is part of what some people buy lotteries for. I would like to win. If I did, probably some of it would go into the institution I am working for; but by the same token, that is my right and it is not anybody else's, the way I view it, to choose how my money is going to be spent.

If I make a donation to the cancer fund, which I do, I know it is going to cancer. If I make it to the United Appeal, I know where it is going with the United Appeal. I am not questioning good government, bad government, this government, that government. I really do not care. Any government is government, and as soon as you give it to the accounting department to place it wherever it thinks it is needed, it out of my hands. I have no control at all. As a private citizen, I want someplace where I have a little control, and that someplace is that when I buy a Wintario ticket I know it goes back to help support the field that I am dedicated to.

I would be perfectly happy if you had another lottery booth and at the top of that booth—and this is missing in all booths—or on your ticket it should be that it is dedicated to sports and culture. On the other lottery, it should say, "This is for medical services, for social services, for hospitals," whatever it is, and the chances are that I would buy two tickets because I think they should be supported. But I want to say that is my right. Okay.

The other point is addressing the issue of how we got this surplus. One thing I can say is that if I ran a gallery and I did not produce an audited statement so that everybody knew exactly what was happening to the funds that were entrusted to us, I would be on the mat somewhere. I think the government should not be any different, and I have not seen an audited statement published in the newspaper. I think if there was and it was loud and clear in the daily newspaper, that audited statement, I think we all would have known that we had a surplus. Therefore, I do not see why governments should be any different from the rest of us: They should be accountable. This is a corporation and you should be accountable.

That is a statement with respect to how this got into place.

Now, to talk about the two issues of what to do with the accumulated money and what to do with money that accumulates in the future, I would like to address the accumulated money first.

I frankly think that Wintario money was given to us to build galleries, museums, sports centres, cultural centres. You helped us put up the buildings. We all, at that time, felt we could raise money to run them, and for the most part we do, but it is a great expense.

The reason it is a great expense—I would like to just read one paragraph of the brief: "In the field of galleries and museums"—of course, that is what I represent, so I will not talk about the other areas—"we spend countless hours of creative time diverting our energies to the thankless task of sophisticated begging to both government and the private sector. We are required to continually justify our existence and efforts, when we are, in fact, custodians of the national heritage."

There are many ways we could use our creative energy. I think the sooner public institutions, these buildings you have built, become self-sufficient through endowment funds, the better off we will all be. Whether you set a time

of 10 years or 20 years, whatever the time limit, once a building goes up, you say that within that time they have to start building an endowment and that endowment should be used for the administrative end of it. When you are an industry and you produce a product, you can sell a product, but believe me, it is not easy to go out and sell administration.

Each and every one of us, as gallery administrators, has to find his own salary; every year I raise my own salary. I am talking about support from the board. What I do are the grant applications, then I work with a board to raise money from patrons, from fund-raising, etc. We raise my salary; we raise the salary of staff; we raise all the money for programming. The only product we have will be, in the case of theatre, the program you go to see; in the case of galleries, it is what is in the gallery or museum.

It is not easy to raise the part that is our salaries, our administration, our general overhead; but we can go out and try to sell program, get support from the corporate sector or convey to government. To sit down every single year and write reams of paper and spend hours of staff time justifying our existence all over again to get support from different aspects of government—it is not always Wintario. It depends what the program is. It can be through the Ontario Arts Council, the Canada Council or the Department of External Affairs depending on what it is, but the number of hours spent there is just too bad.

I think one way of cutting that is using a surplus such as this and some sort of distribution system so that everybody is encouraged to get that endowment in place. I mean, this coming back to you and saying we need money to help us with operating will go on for ever.

The other way of doing an endowment fund is for the government to do it, and then we are back to paper work and paper work; whereas if we are given the money and the board and the director, the administrators, are told: "Look, this is given to you and you have to raise matching funds. You have to, on an annual basis, publish your audited statement and show that money accruing," then we could turn a lot of our energies to creative areas of raising money.

People do not mind giving to something to raise money if they are having fun at it. They want to have fun raising money. I do not know how many of you have sat on a board of directors, but they all look at you when you say, "Your responsibility, of course, is to raise money; set policy and raise money." They all go like this. They thought they were going to have fun. They can have fun. They can have fun raising money. They can have fun being involved, but they cannot do it if they are constantly loaded with writing and justifying and writing and justifying and then, you know, maybe we make it and maybe we not. You must have thought we were worth it if you gave us the money to build the building in the first place. That is when justified ourselves.

1150

The rest of it: when we have this surplus, that surplus belongs to culture and recreation, it does not belong to medicine. I did not put my dollar in for medicine. To those places like the cancer society, the United Way and many others I have given; but I gave my dollar to this, and I think that dollar should come back to us.

The Chairman: Thank you very much for a very good presentation. Before I call on the first comment or question, I would like to note for the record, with respect to your original comments about being good corporate



citizens and filing annual statements and that kind of thing, that the Ontario Lottery Corp's annual report 1987-1988, was filed as sessional paper 499 for the first session of the 34th Parliament, and there is a 10-year summary of the revenue there. I think statements, with respect to the expenditures, are available.

Because I have been interested in the art field myself prior to being a political person, I know that any time that kind of information was wanted by the groups I belong to, it was just a matter of calling someone like our capable researcher and finding out the exact information with respect to that. As chairman, I feel that was a bit of an unfair comment with respect to the lottery corporation, because they are a corporation and they are required to file annually. So I wanted to set the record straight on that before I—

Ms Mahut: It just seems strange, though, that most of the people who come in do not seem to know how that money accumulated. I think if they had been aware that that was available, we would have known a little more. Maybe some of us that are receiving it should receive a report. If I get money from a corporation, very often I am on their list and I get their annual corporate report.

The Chairman: As a person that has worked in the field for 25 years myself, I feel very strongly the other way, that the initiative from the groups should really be paramount and if they are interested in information and it is available, as in the resource centre here at the Legislative Assembly and other places, they should find it themselves, because the cost associated with the distribution of this kind of material to the multitude of groups out there just makes it a prohibitive kind of thing to do.

Mr Laughren: You are defensive.

The Chairman: I am not defensive at all. It is something I feel very strongly about. I feel that if you are involved in an association and involved with raising the money for that association, somebody in the association should take some responsibility in finding out the information.

Ms Mahut: You are perfectly entitled to look at it from that point. I do not. This is the first I have heard of it, and to research and do a lot of other things on top of everything I do—perhaps I have missed that, but it would have been nice to have known about it.

The Chairman: The people, in order of catching my eye, are Mr Reyecraft, Mr Farnan and Mrs Marland.

Mr Reyecraft: Thank you for coming before the committee this morning. In your presentation, you tended, I believe, to use the terms Wintario and lottery funds synonymously.

Ms Mahut: I do, because it is Wintario that I clearly know is supposed to be for culture and recreation. When I saw six lotteries all for culture and recreation and what I read subsequently, this last week, I realize there is more than that. But I have used Wintario partly because every Thursday night I see a different part of the province. I know some people are bored. I am not bored. I like to see the places. I do not mind watching when they get those wheels and they push the button. It is a fun part of the thing to see. It is clear in my mind that this is what it used for and I like to see that. I like to know what my money is doing.

With the rest of them, I do not what they are doing exactly. As I say, I am not necessarily just buying it to win. I am buying because I work terribly hard; so do all the other administrators. There is no field as dedicated, as underpaid and overworked, outside of doctors and nurses. That even came out when the feasibility study was done before they built the Museum of Civilization; they came out shaking their heads and said, "The only other field as dedicated as this is medicine." It is true. We do not look at five-day weeks. What is that? You people are in government, you should know. I do not know what all the lotteries are for, but I know what Wintario is for and that is what I am buying.

Mr Reycraft: It is true that when the province got into the lottery business, there was just one and that was Wintario. As you have already mentioned, there are now six, but it gets even more complicated than that because the six are divided into two different areas. Three of them are Ontario games, under the direct control of the Ontario Lottery Corp; the other three are called interprovincial games, and they are under the control of the Interprovincial Lottery Corp. The three Ontario games are Wintario, Lottario and the instant games. In your brief you talked about a \$369 million accumulated surplus.

Ms Mahut: "Approximate," it said.

Mr Reycraft: I surmised from your brief that you believe that surplus had accumulated from Wintario funds alone.

Ms Mahut: I know from this last week that it probably has come from more.

Mr Reycraft: I just wanted to make the point that for the last six or seven years the provincial governments have allocated more lottery profits for culture and recreation than they were making on the Wintario game alone, so the actual surplus from—

Interjection.

Mr Reycraft: Actually, it is from both Wintario and Lottario. It has diminished from over \$200 million in 1982-83 to \$63 million now. So the Wintario-Lottario profits, the accumulated surplus, is gradually being reduced and that money is being flowed to culture and recreation groups through various ministries right across the province. I am not so sure we can say that all the Wintario profits are not now going to culture and recreation. I believe they are.

Ms Mahut: I do not think I did say that we were at the point where it was being used for something else. My understanding was that this was the issue, what they were going to be used for. My feeling is that if we are looking at this, Bill 119, to question whether they should be used for medicine or something else—I am not talking about whether it has been dipped into; if we are looking at a bill that says we should make a decision to let the Treasurer take the money into the general coffers and distribute some to culture and recreation and some to medicine, I am saying it is my feeling that it has accumulated, based on the dollars that were put in with the understanding that that money was for culture and recreation, and now we are changing it.

What happens after that accumulated money has been spent on culture and recreation and what happens to new money—I am not necessarily for the one



third split. I would much rather see a separation of lotteries, and a lottery that says: "I want to spend it on hospitals; I will put my dollar there. If I want to spend it on culture and recreation I will put it here. I may put it on both." To split after the money comes through is not what I am talking—

Mr Reycraft: It is true that Bill 119 would allow the explicit use of lottery profits for hospital funds, but that is not new. For several years now the province has used lottery profits for health care, particularly for research in the health care area. It was doing so in the belief that it had the right to do so. What it was doing was dedicating profits from the interprovincial games, of which I spoke a moment ago, and which it believed section 9 of the Ontario Lottery Corporation Act did not apply to. So the province did not believe it had to retain all of the interprovincial profits for culture and recreation. Therefore it was using those profits for health-related research or funding of the Ontario Trillium Foundation and for other priorities as well. The use of lottery funds for health care is not new. It was not until three years ago, when the Attorney General—

Mr Laughren: They are utilizing it now.

Mr Reycraft: —ruled that section 9 should apply equally to the interprovincial lottery profits as it did to the provincial games that the province became aware of the need to change the legislation. Really, the legislation recognizes the reality of the use of lottery funds since the interprovincial games were started in 1976 or 1978, somewhere in that area.

Mr Laughren: You are really embarrassed about the whole thing.

Mr Reycraft: Not at all, Mr Laughren. I just wanted to make those points in reaction to your presentation.

Mr Laughren: You spent a lot of time explaining that.

1200

Mr Farnan: I want to thank you for your presentation. I think you have reinforced two of the predominant themes I have picked up during the course of the hearings. The first is the area of specific designation. Regardless of what the government members will say about what was happening and figures that are thrown about and anything else, when you cut through all the mumbo-jumbo, the perception of the arts groups, I believe, and of the general public was that there was a contract made between the government and the arts and recreational communities. This contract said, "The moneys from these lotteries will go to support this specific purpose."

You can use language that gives a perception and you can do things on the side such as use this money for hospitals and then try and make it all legal by passing a law in retrospect, which is what is happening. But I agree with you in terms of the specific designation. We have had it in Ireland: the Irish Hospitals' Sweepstakes. It was a very specific designation. In Ontario we had a very specific designation.

The second theme that I want to thank you for reinforcing is the area of what appears to be a guarantee. The groups and individuals appearing before the committee are saying, "Give us a guarantee." I do not see much difference between what you are suggesting, Jane, by saying, "Let's have a separate lottery for sports, recreation, culture, and for hospitals," and in the groups saying, "Let's have a percentage of one third designated for this purpose." I

can see the advantage of your situation. When you go to the ticket office you are actually saying, "I'm buying this ticket and I know the profits are going to the arts," or, "I'm buying this ticket and I know the profits are going to the hospitals."

Ms Mahut: That way I am not gambling.

Mr Farnan: In either case I think what we are saying is that there is a guarantee within the system. So I think I have to ask a question of you, and this is a very simple question. Why would you come to the government and say, "I want the guarantee"? Surely you trust the government.

Ms Mahut: Surely I which?

Mr Farnan: Surely you trust the government that it—

Interjections.

Ms Mahut: If there is a contract made and the contract has been broken and somebody says he did not understand the contract was there, just like Mr Elliot says, I am supposed to go and get the audited statements; I should know about them. Where were they? They should have known about this too. There is no excuse. There has to be something that is not quite right if we are at Bill 119 and you are asking for public submission. I think that is self-evident.

Mr Farnan: You would feel a lot more comfortable if in the legislation there was a guarantee that either a specific lottery or lotteries were designated or a percentage of lotteries was designated. That would be your second choice, I suspect.

Ms Mahut: I am not interested particularly in the percentage. I think there should be a move that says, "This lottery supports culture and recreation and this lottery supports medicine." I think it should be clear. I think we should know what we are doing, and I think we should promote all we want, but the reason I know what happens with Wintario is because of your promotion, and I learned something about different parts of my province sitting in my living room. I know what that is and I said I do not really think—I have said it in the letter and I do not want to belabour the thing, but we are talking about gambling. I am saying that this is not that kind of gambling. What you are doing is you are placing your money. You never lose your money. Your money goes back into the charity that you want to support. It is just that I do not get a tax receipt. I think if I really was belabouring that point the administration of giving me a tax receipt would be too large. The thing is, I am not getting a tax receipt for this, but this is a charity.

Mr Farnan: Mr Chairman, could you give information to the delegation or get the information for the committee? I thought I understood recently that this broadcast of the lottery on television was going to be discontinued. If that is true, is that not an indication that if the government was using this promotion for community events, for parks and recreation, etc, and now this is being discontinued, does that have any implication?

Mr Callahan: Maybe they are trying to save money so it can be given to these groups and not spend it unnecessarily.

Mr Farnan: Maybe they are withdrawing funding from that particular area and do not want it to be—



Mr Callahan: You can pick your choice, Mr Farnan. It is open to both interpretations. If you are spending money to televise something and it is detracting from the moneys that are available, I would think that is a more logical reason for its being withdrawn.

Ms Mahut: It is an accountant's approach, Mr Callahan. I am sorry, but it is.

The Chairman: Mrs Marland, I believe you are up next.

Mr Callahan: Sorry, Mr Chairman.

Mrs Marland: No, that is quite all right, Mr Callahan.

I must say, Jane, that your directness this morning is refreshing. When you talk about the right to choose, the freedom of choice as to what people do with their money, I think it is a basic right for anyone living in Canada. In fact, it was the same argument that I used when we were fighting the prohibition on extra-billing by doctors for the six per cent of the 17,000 doctors who did extra-bill. I had single mothers who chose to spend \$40 on a medical because that was what they wanted to do rather than spend it on their hair, and they could have an hour-long medical and feel reassured.

What you are talking about is basically the same kind of choice: if you choose to make that kind of investment. I think the answer you have given this morning is very clear. It is a very good suggestion that those lottery tickets should be identified; then people do have the choice as to whether or not they would support a hospital lottery. Goodness knows, we know historically how many millions of dollars went out of this country in the Irish hospital sweepstakes.

The fact is that, without an identification and without a disbursement of those lottery profits, lottery tickets become another form of taxation and, as my colleague Mr Farnan has said this morning, they do become another form of taxation on those people who can least afford it.

Those were my arguments that were recorded in Hansard when I spoke and fought against Bill 38, and those of us who were in strong opposition to that bill at that time feel the same way about this bill. The reason for that is very clear. There is nothing that is going to stop the popularity of all the lotteries because they are established now.

I think the points you have brought to us this morning about the freedom of choice are very important and in fact, when you talk about a contract being made with the purchaser and the seller of those tickets, I think that contract should be honoured. What has happened in the past is that the contract has not been honoured. I do not say it has not been honoured only in the last four years. I admit to the fact that perhaps the whole disbursement and management of lottery funds has not been what it should have been, and one of the reasons for that is that the whole growth of the surplus in lotteries was far beyond the Conservative government's expectations when it established them. We had no idea we would be into the kinds of million-dollar sales that we have.

I think it is very important that the public have the choice you have made so clearly this morning as to what they fund, and then we can be very honest about having some kind of trust fund or a special fund set aside so that we do not lose track of the profits gained from the sale of those tickets.

This will probably surprise you, Mr Chairman, but I also wanted to place on the record that I supported your comments. With the thousands of even very small grants that are given out to community groups, I do not think that the government could afford to send out the kind of information that was referred to earlier in terms of who gets what in the annual reports of the Ontario Lottery Corp. I think the important fact is that this information should be available, and if people want to find out, it is there for that purpose.

Ms Mahut: We should know it is available. I just do not want the endowment aspect of what I was proposing to be lost because I feel that endowments for operation are crucial. Every once in a while we do a little bit, not necessarily from Wintario, towards endowment; but if we look at everything we have built and we say, "It's all very well to give a dollar to a brick, but we need the dollar to retain it somewhere along the line," something should be looked at in terms of supporting and developing, with a long-range goal for self-sufficiency, at least in one aspect, to be aimed at so that money such as this can start. Otherwise, we are still back at the begging board every single year from now to eternity.

Mr Callahan: Can I just raise one point?

The Chairman: I would rather that you did not, Mr Callahan, because we are at the end of our time; we are already over time, actually.

I would like to thank you for coming, Jane, and if I reacted in the way I did with respect to the sort of demand for reporting, it is because one of the things I learned, to my surprise, when I came into government two years ago, is that there are 5,600 boards and agencies in the province of Ontario. A lot of people come to me make demands with respect to the reporting being the onus of government. There is a lot of money out there being spent on that kind of thing that I personally feel could be spent to better advantage, because if the folks who were interested knew it was available on a regular basis, which it always is, and the onus were not on the board or agency to do the reporting, there would be a significant saving right across the board.

Ms Mahut: Maybe there should be something in a newspaper that says they are now available: "This is our year-end lottery report, and audited statements are available if you care to come to Queen's Park or wherever to pick them up."

The Chairman: That is an excellent suggestion.

Ms Mahut: Maybe that is what should be done. I do not mind picking them up, but I would like to know where they exist.

The Chairman: I have just been handed a note from the researcher suggesting that most of these reports are also available in most public libraries. So it is just a matter of publicizing that a little bit more. That has been helpful. Thank you very much.

If there are no further questions or comments by committee members, we stand adjourned until two o'clock this afternoon.

The committee recessed at 1214.





CA20N  
XC16  
-G24

STANDING COMMITTEE ON GENERAL GOVERNMENT

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

MONDAY 18 SEPTEMBER 1989

Afternoon Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)  
VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)  
Bryden, Marion (Beaches-Woodbine NDP)  
Callahan, Robert V. (Brampton South L)  
Charlton, Brian A. (Hamilton Mountain NDP)  
Cordiano, Joseph (Lawrence L)  
Cureatz, Sam L. (Durham East PC)  
Fleet, David (High Park-Swansea L)  
McLean, Allan K. (Simcoe East PC)  
Ruprecht, Tony (Parkdale L)  
Sola, John (Mississauga East L)

Substitutions:

Farnan, Michael (Cambridge NDP) for Ms Bryden  
Laughren, Floyd (Nickel Belt NDP) for Mr Charlton  
Marland, Margaret (Mississauga South PC) for Mr McLean  
Reycraft, Douglas R. (Middlesex L) for Mr Ruprecht

Clerk: Carrozza, Franco  
Clerk pro tem: Mellor, Lynn

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From The Gallery/Stratford:  
Freeman, Robert C., Director/Curator

From the Hamilton Philharmonic Orchestra:  
Urbanowicz, Ted, Past President

From the Ontario Recreation Society:  
Moses, Douglas, Director, Town of Lindsay Recreation Department

From the City of North Bay Parks and Recreation Department:  
Saad, Dave, Assistant Recreation Director

From the Carousel Players:  
Salter, Eva, Administrative Director

From the Mariposa Folk Foundation:  
Kelly, M. J., Executive Director  
Sladek, John A., Second Vice-President, Board of Directors

LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON GENERAL GOVERNMENT

Monday 18 September 1989

The committee resumed at 1404 in room 151.

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989  
(continued)

Consideration of Bill 119, An Act to amend the Ontario Lottery Corporation Act.

The Chairman: I would like to draw the committee's attention to two items that all of you should have on your desks. The first is a news release that clarifies where Wintario is at currently with respect to television performances and that type of thing. My understanding as I perused it—I just had a moment to look at it—was that the Thursday night program is going to be terminated but that the Wintario draw will be co-ordinated with some of the other lotteries on a Saturday night program.

That news release should clarify the concern there. The other thing our researcher was good enough to obtain for us, since it was commented upon this morning, is the five-year strategic plan prepared by the Ontario Arts Council, dated March 1988, which we thought you might want to have as information.

Mr Callahan: Is Nielsen-Jones the fellow after whom they named the Nielsen ratings?

The Chairman: I will refer that to my researcher, if you really want an answer for it.

Mr Laughren: I noticed that there was a memo on municipal resolutions handed out this morning from our competent research officer.

The Chairman: Yes.

Mr Laughren: Does that mean that the Association of Municipalities of Ontario, which represents all the municipalities in the province, is opposed to this bill?

Mr Callahan: If you read the resolution, they misunderstand it entirely.

Mr Reycraft: Mr Laughren would want to know that AMO does not represent all the municipalities in the province, but it does represent a large number of them.

Mr Laughren: Eight hundred of them.

The Chairman: I believe, if you read the covering letter carefully, it represents something in the order of 700 of the 839 municipalities.

Mr Laughren: Holy smoke; that is a lot.



The Chairman: In the body of that letter, too, it stated some specific communities that were in favour, as well as some that were opposed. In general, they felt there was negative reaction towards Bill 119.

Mr Laughren: I may have to withdraw my support for this bill.

The Chairman: Mr Reycraft, did you have a comment to make?

Mr Reycraft: Mr Chairman, not a comment; I have a request. The common thinking has been that people at the lower end of the socioeconomic scale tend to purchase lottery tickets in a disproportionately high number. Someone indicated to me last week that a scientific study has been done that indicates that is not the case. I do not remember who advised me of the study, nor do I know where we can find it, but can you or our research assistants provide us with any advice?

The Chairman: We will treat that as a request. We will turn it over to the researchers. They usually deliver within half a day, so possibly we will get the answer to that question in a short time too. Are there any further comments or questions before we get on with the hearings this afternoon?

Our first presentation is on behalf of The Gallery/Stratford and Robert C. Freeman, the director-curator, is going to make that presentation. I apologize for the few minutes of delay, but you are assured of up to 30 minutes because I always write down the starting time. You may use all of the 30 minutes for the presentation. If there is time left, usually the committee has some comments or questions.

#### THE GALLERY/STRATFORD

Mr Freeman: You have my presentation. I can assure you it will not be for 30 minutes.

Mr Chairman and other committee members, thank you for the opportunity to come here and present our point of view on the amendments proposed for Bill 119.

I am here on behalf of The Gallery/Stratford and the visual arts to express our concerns about the proposed amendments to the Ontario Lottery Corporation Act. The amendments, as proposed, will have drastic effects on the visual arts and nowhere will this be felt more strongly than by small and medium-sized galleries such as The Gallery/Stratford.

Since the late 1960s, many small-town galleries in Ontario like ours have managed to exist and sometimes even flourish through government support, the generosity of private donors and community involvement. The commitment and the degree of this commitment by the government has enabled us to promote and even boast of Canadian art and artists.

At times, it appears the government recognizes this importance and the necessity of the arts and its positive impact on tourism and the economy, but at other times we seem to be treated as a necessary evil that the government desperately wishes could support itself. The fact is that at the present time, we cannot.

Using The Gallery/Stratford as an example, I will relate to you a situation typical of many small galleries. We have a total annual operating

budget of approximately \$200,000. Of this, the grants from the Ministry of Culture and Communications and the Ontario Arts Council total approximately 24 per cent of our operating and program costs. Another 16 per cent comes from the city of Stratford. This is towards our operating costs. The city also puts money towards the rental of our building and the maintenance and grounds maintenance for The Gallery/Stratford as well. Federal funding is very low and inconsistent, depending entirely upon special project requests. The remainder of our budget comes from fund-raisers, memberships, earned revenue and private donations. This amounts to about 50 to 60 per cent of our total budget.

With these extremely tight finances, it becomes increasingly difficult to offer our community an important and active program of visual arts. We are desperately in need of more funding. In recent years, many galleries have been lobbying the Ministry of Culture and Communications and the Ontario Arts Council to obtain levels of assistance in line with what is truly needed to operate a gallery—our real needs. Some of you may be familiar with these through other presentations that have been brought to the committee.

1410

No substantial increases have been realized through these requests in either our operating or program grants. However, we continue to operate with an insufficient number of staff, very poor pay levels and inadequate revenue for art programming. Despite this, the province in the past has often been our saviour. Through the lottery-based grants, our gallery and other galleries in tight financial situations have been able to fulfil our mandate and benefit from much needed programs of training, upgrading and promoting of the visual arts. Without these funds we would not have been able to complete many necessary and worthwhile programs over the past 13 years.

Just in the past five years, the Gallery/Stratford has been able to take advantage of several of these.

In 1985, we were able to renew our education program through an internship training grant through the lottery-based grants. In 1986, we were able to upgrade our gallery to fire code standards and handicap accessibility with the aid of the city and through the lottery-based grants. In 1987, we were able to computerize our operation, which has benefited us in many administrative areas. We have been able to streamline some of the very time-consuming things that galleries have to go through in order to keep up with their memberships, advertising and promotions.

In 1986 and 1989, and this is probably one of the most important things for a small gallery, we have been able to acquire art through the art acquisitions grant through the lottery-based programs. We have been able to add many new works to our permanent collection.

With this gratitude and praise for these lottery grants also come some very great concerns and fears. Already over the past two years, restrictions and limitations in the criteria for eligibility for many lottery-based grants, as well as decreases in the amount available, have effectively reduced, if not prohibited, the possibility of our gallery and many small galleries to make use of these grants.

Some obvious examples are the community facilities improvement grants, which have been decreased from one half to one third of the capital project; the resource material equipment grants which have been reduced from 75 per cent to 50 per cent funding; and art acquisitions grants which now have a



maximum of \$7,500 placed on them and have restrictions in the use of appraised donated art works towards this grant.

Now, as a final blow, Bill 119 is proposing to use the funds accumulated through Ontario lotteries towards the funding of hospitals. No one is denying the importance of hospitals and their need for additional funding, but should it be at the expense of Canadian culture? To borrow a quote, "Art is much less important than life but what a poor life without it."

With Bill 119 there is no guarantee that any of the lottery profits will be spent on culture. Despite the initial intent of the Ontario Lottery Corporation Act, galleries or museums have no claim whatsoever on the remaining \$369 million in unspent lottery funds. Is this fair? If the province in fact is convinced of the importance of and committed to the arts in Ontario, then it should be making a sincere effort to help secure its future. Many Ontario citizens are giving freely of their time, energy and money in support of the arts, but we need the provincial government's endorsement financially and through legislation to justify this commitment.

I would like to endorse the recommendations and compromise position set forth by the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario. I am sure you have heard these recommendations several times in your week of hearings by this committee, but I will repeat them. This position addressed the two main issues of Bill 119.

1. The accumulated profits of the dedicated Ontario lotteries of \$369 million should be treated as a trust fund and interest thereon should be allocated annually to the support of culture, recreation, sports and fitness. Since these interest payments would be available on a continuing basis, it would be appropriate and acceptable that they be used to supplement operating grants and subsidies.

2. One third of the ongoing annual profits of all six lotteries should be allocated for the support of culture, recreation, sports and fitness.

This is consistent with the intention of the current Ontario Lottery Corporation Act and, based on the parliamentary assistant's figures, it would have made available an amount of \$152 million in 1988 and 1989. Its ongoing profits would continue to be used for capital projects and other nonrecurring purposes. The amount is justified by current and anticipated needs and in real dollar terms is less than the amount allocated in many recent years. When we say "one third," I would say that would be a minimum, the one third.

By ignoring these recommendations and passing Bill 119 as it presently stands, you will have effectively set galleries and museums back 15 years. Moreover, it will have conveyed a message to cultural groups that the provincial government is no longer committed to nor acknowledges the importance of the arts in Ontario.

Thank you for allowing me to make this presentation. I invite any questions.

The Chairman: Thank you very much, Robert. We do have a question or comment from Mr Laughren. I am not sure what it is.

Mr Laughren: Thank you, Mr Freeman. I appreciate your brief. I particularly appreciated, on page 3, the way you sum up in a very short paragraph starting, "Now as a final blow," in which you talk about pitting

culture against health care. Many of us think that is a very dangerous precedent and, quite frankly, do not like it. I appreciate the reinforcement of that view. It makes me feel good.

The other thing I wanted to ask you about was, you say on page 1 that approximately 24 per cent of your operating and program costs come from the Ministry of Culture and Communications and the Ontario Arts Council. Is that almost like an annual figure or does it vary widely?

Mr Freeman: The grants through the Ministry of Culture and Communications tend to be an annual increase based on our application but based on our operating cost needs. The Ontario Arts Council is based on our program and is assessed according to what our program was in previous years. It is assessed by a group of our peers, basically.

Mr Laughren: When you are doing your budgeting every year, you obviously must budget a year ahead. Do you put in an amount assuming that you are going to get so much from the lottery funds?

Mr Freeman: No, we do not. We do not budget money towards these lottery funds, although we count on them to augment a program which we cannot possibly offer—the upgrading of training for our staff and for upgrading the building—on our \$200,000-a-year budget. We count on the availability of some of these lottery funds to be used towards that. We do have to budget a certain amount in the sense of our contribution towards that, yes. But we do not say: "Okay. This year we are going to buy this, this and this." Some of it is dependent on how our own individual fund-raising goes.

Mr Laughren: Yes. I was wondering if the hospitals realize how uncertain it is in dealing with lottery funds, as well. It may sound good to say that the hospitals are going to get lottery funds now, but maybe they should talk to some of the cultural organizations to understand that it is not a certainty or not the way it is an obligation and a requirement, basically, that the Ministry of Health fund hospitals; that is not debatable.

You can say, "Well, they do not guarantee so much every year," but everybody knows that the Ministry of Health has to fund hospitals, period. Now, a word of caution to the hospitals would be, "Don't get too excited about these lottery funds because they tend to be hit or miss and you simply cannot count on them." That is one reason why many of us do not like the idea in the first place.

Mr Reycraft: Mr Freeman, I want to go back to the same paragraph to which Mr Laughren made reference. When you ask whether or not funding of hospitals should be at the expense of culture, you imply that there is going to come as a result of Bill 119 a reduction in the funding of culture and recreation programs in the province. Two questions: Is that really the concern, the overall level of provincial funding for culture and recreation programs, as opposed to the specific use of lottery funds?

1420

Mr Freeman: I think that is one of the points, because at one point in the bill it says that the Treasurer has the responsibility for allocating as much as he needs or feels necessary towards culture. I do not know how this is going to affect specifically our operating grants, or whether it will, but at a time when the Ontario Arts Council has, as has been pointed out, been recommending a five-year plan and galleries are lobbying both to the Ontario



Arts Council and the ministry to express what their real needs are—I am going to backtrack just a little bit. I have been involved with galleries in different levels now for the last 13 years, and it seems that cultural groups, galleries especially, have often kind of stepped back and said, "Well, they just cannot afford it. We won't push it any further," and have been, ever since I have been involved with them, operating on budgets that are far lower and usually cut back, depending on the government changes, on a rotating basis. You talk about difficulty in budgeting—you should try to budget at the change of governments. I do not know if I have answered your question.

Mr. Reycraft: I think you have. If you could be assured that provincial support, both from lottery profits and from taxation revenues, was going to be maintained or enhanced in the future, would you be concerned about Bill 119?

Mr. Freeman: If I could be assured that it would be maintained or enhanced?

Mr. Reycraft: Yes.

Mr. Freeman: I would not be opposed to having some of those lottery funds spent on hospitals. I think the frustrating part from the cultural end of it is knowing that those funds have existed and having to fight every time we need a little bit of extra money to do any special project involved with the galleries. If there was some assurance in the bill that funding would continue and in fact be looked at in terms of the Ontario Arts Council's five-year plan as well, then it would not bother me as much, no.

Mr. Reycraft: That kind of assurance, that kind of guarantee, would represent something that no other area has. Schools do not have that kind of guarantee, hospitals, despite what Mr. Laughren says, do not have that kind of guarantee. However, the reality is—

Mr. Fleet: Wrong again, unfortunately.

Mr. Reycraft: I think what Mr. Laughren has agreed is essentially correct. We are going to continue to fund hospitals and we are going to make sure that the funding of them is fair and that it is appropriate, that it meets the needs of the society of this province. To suggest that somehow cultural and recreational activities cannot expect to get the same kind of consideration seems to me to imply that they are not viewed as being such an important part of our society. That was probably true 20 years ago. I think the general public did not attach the same kind of importance to recreational activities and cultural activities as they do now, but I think most people have come to recognize the fact that in many cases recreational activities and cultural activities fit in very nicely with health care, with education. It is not a separate thing from those other programs, it is an integral part of them instead.

I am interested in your reaction to that, whether or not you share that shift in public opinion relative to the importance of culture and recreation.

Mr. Freeman: I can talk to you from the cultural side. I think the recreation has always been viewed, even in the last 20 years, as very much a part of the Canadian life and everybody's activities, but culture, I think, has only been recognized in the last 20 years in Ontario to any great extent, especially in small towns. I grew up in a small town. The first time I ever entered an art gallery was when I was in my late teens. I had always been

interested in art, but there were no galleries around my town. Now, had I grown up in the same town, I would be able to go to a gallery at a time when I was able to change my attitudes towards the visual arts, rather than having already developed attitudes towards culture.

If, in fact, you kind of pit sports and culture against each other, I think the arts are going to lose. I think probably one of the reasons the ministry changed from Culture and Recreation some years back is that, although they are both based on leisure-time activities, they are dealing with maybe quite a different audience.

I think, by cutting back on the moneys available through the lottery funds, you are going to get sports groups that maybe suffer a little bit from it but, I think, mainly it is going to hit your cultural groups.

Mr. Reycraft: Just one comment, Mr. Chairman, in response to Mr. Freeman's last answer. That is, there has been no suggestion that there would be a reduction in the use of lottery funds for the culture and recreation programs, merely that the unallocated part on an annual basis could be used for other purposes.

Mr. Freeman: I emphasize that perhaps not enough is allocated now, based on the needs of galleries. To say, "Okay, we are going to give the remainder to the hospitals," which I am sure are in desperate need of funding as well---

Mr. Reycraft: I think the directors of education and hospital executive directors would say the same thing about their areas.

Mr. Faubert: Mr. Freeman, going back to the part before that, on page 2, I take it you are making some mild criticism of the allocation process. You are specifically putting forward what some others have; that is, the change in the grant formulas. Was that done without any prior notice?

Mr. Freeman: We did not receive a lot of information until they were already complete. There was not a matter of finding out from the different cultural institutions, "How do you feel about these changes in our grant criteria?" In fact, for small galleries, this comes back to your question about the budgeting. When you have a \$200,000-a-year budget and you have a change in staff and you need to train this new staff—we generally have a staff of three full-time people and one part-time person—you have to send them elsewhere to be trained. Through the lottery-based grants, there was an availability there to get them out to other places to get that necessary training.

I think this comes right down the line. When a person such as myself is asked to do a position of director-curator, you split that job in half. Each one gets about half the attention it should get and to say, on top of that, "We won't allow these grants to be available to send you out to Banff," which seems to be the only place where you can get management training, "or to send some of your staff out to Ottawa or Toronto to get the necessary hands-on training," for a week's session of training, we are not in a position where we can say, "Okay. You just get in a car and drive for half an hour and come back that evening and you will have your training." We need the money that was offered through these lottery-based grants to upgrade right along the line.

Mr. Faubert: Okay. Thank you. By the way, you can get training in arts administration. There is an excellent course at Scarborough College of the University of Toronto.



Mr. Freeman: That is arts administration, but that is a full-time course. I am speaking of three-week concentrated courses for people who are already in positions where they require this.

Mr. Faubert: Okay. You indicated here a decrease in the amount of dollars available. Do you mean overall dollars to the arts or do you mean within your region? Is that the reason you are getting no expansion of dollars to your particular area?

Mr. Freeman: In real dollar terms, our operating grants have not increased at all. They have gone to about five per cent in the last four years, which does not cover the increased costs. Again, in small communities, you are competing with hospitals all the time. Every time they have a fund-raiser, you cannot, because you are going to the same people basically, with your hand out saying, "We need money too." Granted, I think most people would say: "Here's money for your CAT scanner at the hospital. Your purchase of a Harold Town can wait."

1430

Mr. Faubert: In that sense, are you not now competing with recreation for the same dollars?

Mr. Freeman: I think in a community the size of ours you always have to come up with really very creative fund-raisers that have something to offer rather than just saying, "We need some money." That is an ongoing board problem that every small gallery and every medium-sized gallery has. The only difference is that the larger the community, the more people you have to draw that money from.

Mr. Laughren: I am sitting here agonizing over my own position. I have been opposed to this bill for the reasons I was hinting at earlier. What is bothering me is, if all lottery profits simply went into the consolidated revenue fund and there was no dedication to anybody, the culture, recreation, sports and fitness groups, the hospitals and education would all claw away at that consolidated revenue fund and do the best they could.

On the other hand, you have got the situation here where I was around when the bill first came in and, as I recall, I think I supported it because the government of the day argued, "Because lotteries are a volatile source of revenue, they can go up and down, depending on the lottery, and any one lottery does not have a long life," that kind of thing, "we are going to fund things like culture and recreation, rather than essential services like education or health care."

Now the rules of the game seem to be changing and we are not throwing into the pot only hospitals; we are throwing everything into the pot. In other words, throwing lottery funds into the consolidated revenue fund where everything else is. I wonder whether or not it would be better for a cultural and recreational facility? I did not use to think that and, quite frankly, we do not know. It bothers me that what the government is doing here is not throwing it in to compete with everything else, but arranging it so they compete only with hospitals, and that is a very tough opponent.

Mr. Freeman: I think the moment you pit culture against a large number of other things such as health care and education—why not roads and transportation?

Mr Laughren: Yes, exactly.

Mr Freeman: You are going to see the necessity of some of the others prior to seeing the necessity for culture. I think culture has more of a subtle necessity implied with it. The effects it has on tourism I do not think are recognized immediately, as are the effects of a road that is deteriorating or a hospital that has not got sufficient hospital care.

Mr Laughren: So if culture would have difficulty competing with bad roads, think how difficult it will be with hospitals.

Mr Freeman: I think it would be very difficult with hospitals. I think it is difficult for the cultural groups to come up and say, "We're opposed to this bill 100 per cent," because I think they realize this. I realize that the hospitals are underfunded as well, and I am sure the accumulated moneys, the \$369 million, are only on paper. I am sure they are not actually in some bank somewhere.

Mr Laughren: You have that right.

Mr Freeman: But the moneys we are talking about for roads are necessary moneys that people pay by their taxes and they expect that from their taxes. I do not think they think their taxes are going to the support of a gallery, unless they are municipal taxes and a municipal gallery is being supported. I do not think they think in those terms.

Mr Laughren: I appreciate the irrefutable logic of your presentation.

The Chairman: I would like to comment on one point you made on the way through, if I may: the fact you were raised in a relatively small community in Ontario and when you were being raised there were no facilities for art galleries there, and presently there are. I find that a particularly relevant point.

In the area that I come from, Halton North, we have Campbellville, Acton, Georgetown and Milton, and I name them in order of size: 1,000, 10,000, 25,000 and 35,000. I think all four of those communities have the same kind of history. I think it is particularly important that we realize we have come a way with respect to financing the cultural segment. What we are looking at here is how we can maintain that and possibly enhance it.

I say this because probably one of the greatest cultural experiences I had in my life happened last night, when I went to a free concert held at the Alliance Church in Georgetown. A tenor, a chap named Heppner, who flew out to Sweden this morning and who is going to the Bolshoi in Moscow for his first performance of this year, was giving a recital there last night. As part of the recital, he said he had that kind of upbringing in Dawson City, north of British Columbia, a very small community with no outlet for his particular talent at all. It was just by luck rather than good management that he got in contact with the right people. So he finally received professional training and reached the level that he is obviously at, at the present time.

What I am leading up to here is, you said it was a small community in Ontario, but you did not name it. I really think, for the benefit of the record, it would be meaningful to put your community on the record.

Mr Freeman: I was brought up in Georgetown actually, coincidentally.



The Chairman: That was lucky, but I did not realize that. That is great.

Mr Freeman: In fact, I have shifted around a lot in the years that I have been involved with the arts, but when I moved to Stratford, it had a lot more to offer culturally than most towns, simply because of the Stratford Festival and the gravitation to that community of arts-oriented people. But in fact, it had to cut out an education department of its gallery in the early 1980s because there was not sufficient funding to do that.

Now, we have built it up to the point where grade 5 students have a mandatory visit to the art gallery. Not to say that every grade 5 child is going to come away with a feeling that art is very important to him, but it will give one an opportunity to say: "I visited the gallery. I had a good time. I may come back."

The Chairman: I am glad I made the comment now that I know you came from Georgetown, because we opened up a new gallery, actually, on Friday night. I think it is pertinent that the folks on the committee realize that the most expensive painting at that new gallery was a \$22,500 Rembrandt that was for sale. It is one of four or five galleries in Georgetown now. With the kind of funding that has been going on, there are some really good success stories out there, and that is the thing I would like to underline.

The clerk handed out the three o'clock submission, because the 2:30 pm presenters for the Hamilton Philharmonic Orchestra were not in attendance 10 or 15 minutes ago. They have since arrived. Ted Urbanowicz, the past president of the Hamilton Philharmonic Orchestra, and Jorgen Holgersen, the general manager, are going to make the presentation.

Mr Urbanowicz: As we were driving here, I was wondering whether I was going to change my plea and say, "Keep the money and put it into highways."

Mr Callahan: You see the difficulties, hey?

Mr Urbanowicz: Yes, I do see the difficulties.

#### HAMILTON PHILHARMONIC ORCHESTRA

Mr Urbanowicz: Honourable members, ladies and gentlemen, thank you for the opportunity to address the standing committee and express the concerns of the HPO regarding Bill 119. As you have heard, I am the past chairman of the board of directors. Unfortunately, our current chairman was called out of town unexpectedly, so I am filling some larger shoes.

You have heard and will undoubtedly continue to hear from many arts organizations across the province concerning the perceived uncertainty of future access to lottery funds imposed by this bill.

I think I will let the groups that will follow our presentation over the next few weeks present the arguments for the importance of culture and recreation to the quality of life in the province, present the arguments for the contribution of the arts to the economy of Ontario and present the arguments on the influence of the arts on the confidence and self-image of the province. You know the value of the arts in Ontario. I hope to explain to you how lottery funds have helped the Hamilton Philharmonic Orchestra.

1440

We have benefited greatly from the availability of lottery funding as a supplement to our provincial operating grants. Through our active participation in the Wintario arts challenge fund and the investment in the arts program, we have received matching funds totalling \$190,000. This funding has been and continues to be essential to the financial stability of the orchestra.

We have also received specific capital and project funding to assist the HPO in various areas. We have acquired computer hardware and software essential to modernize our budgeting and financial reporting systems. We receive funding for a full-time education co-ordinator to design and program concerts for secondary school students. We receive funding for resource materials and towards salary for a marketing intern to assist the HPO in expanding its audiences and to offer a valuable instruction opportunity to a young Ontarian interested in a career in arts marketing. Also, we have received funding towards the salary of a financial development intern to assist the HPO in expanding its donor and sponsor base, while providing an educational experience for university and community college students.

These specific projects and programs, together with funds received under the financial stabilization initiative bring the grand total of supplementary funding received by the HPO to \$330,000. Without this funding, we would not have been able to perform over 150 performances to over 120,000 people, including school concerts to over 22,000 students last year. This funding also permits us to conduct out-reach concert series in Milton and Oakville and in our previous seasons we have toured both northern and eastern Ontario.

Please understand that we are more than grateful for this supplementary funding. The point is, though, that we could not have survived without it, nor can we in the future. We simply ask that the province respect the commitment it made to the cultural and recreational community and ensure that the profits of Ontario lotteries be dedicated to sports, fitness, culture and recreation. We also ask that the province honour the intentions of the citizens of Ontario who began playing the lottery games on the understanding that culture and recreation would be the recipients of any profits, and that indirectly their participation in these lotteries would help promote a better quality of life in the province of Ontario.

The Hamilton Philharmonic therefore urges the standing committee to ensure that the lottery funds are available for culture and recreation in Ontario. From our current reading, we support the amendments proposed by the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario as a method of ensuring that the funds are used for the purposes intended by the citizens of Ontario.

While technically I am here representing the Hamilton Philharmonic, I know our sentiments are shared by Opera Hamilton and I think I can extend it a little further to those other cultural organizations in the Hamilton-Wentworth region that would not exist without a viable philharmonic.

Mr. Reycraft: You mentioned \$330,000 in public funding. Was that all received last year?

Mr. Urbanowicz: No, that has been since about 1983, over the last five or six years.



Mr. Reycraft: Can you tell me approximately the annual budget.

Mr. Urbanowicz: It is \$2.9 million.

Mr. Reycraft: How do you raise various funds to meet that budget? How do your revenues break down?

Mr. Urbanowicz: There is roughly \$1,155,000 in earned revenue, being subscription sales, sales of the orchestra to perform in other functions and then donations of about \$420,000, and the balance is made up of Canada Council, Ontario Arts Council, regional municipality of Hamilton-Wentworth, city of Burlington, town of Oakville.

Mr. Reycraft: Does that leave about \$1.5 in contributions from various levels of government?

Mr. Urbanowicz: I have had a chance to scribble some numbers here. The \$2.9 million is this year's budget. Can I deal with the audited financial statements I have in front of me for our year ending June 1989, and I will just give you the actuals?

Mr. Reycraft: Sure.

Mr. Urbanowicz: The actual expenditures last year were \$2,699,000; \$1,155,000 is operating revenue, \$956,000 is various levels of grants from government and \$420,000 is fund-raising.

Mr. Reycraft: Thanks very much. You talked about the uncertainty that will result from Bill 119. Will the uncertainty be any greater, if the bill passes as it is now drafted, than the current situation?

Mr. Urbanowicz: No; however, we would view it as an opportunity lost. There is an opportunity at this time to convince this committee and the other members that we can make a commitment to the arts, that we recognize the contribution of the arts and that we will put it in writing, rather than have an annual competition for funding with other sectors of the community.

Mr. Reycraft: What advice do you have to us as legislators, if we make that kind of guarantee, on how we respond to the public and constituents who ask for similar guarantees for education, health care, community and social services, etc?

Mr. Urbanowicz: I suggest that if the funds that are being distributed were raised for a specific purpose, then you should honour that guarantee. If you raise funds through a lottery, if you raise funds—I technically say through the taxation process—if you present your budget on an annual basis ahead of time, the point is that if you said you were going to use someone's money for a specific purpose, you should be able to guarantee that it be used for that purpose. Does that answer your question?

Mr. Reycraft: Yes. It is similar to the advice we have received from some other groups.

Mr. Laughren: Every other group.

Mr. Reycraft: Not all, Mr. Laughren. We have had slightly different advice from some groups. Until three years ago, nobody, as far as I have been able to ascertain, was claiming that the profits from the interprovincial

lotteries, Lotto 6/49 and those, should be dedicated to culture and recreation. Governments have used those funds, as I am sure you are aware, for health care research, for support of the Ontario Trillium Foundation and for other purposes as well.

It certainly was not the intent of the initial Ontario Lottery Corporation Act that the profits from those interprovincial funds should be dedicated to culture and recreation, and yet now what we hear is a request that a percentage of those on an annual basis should be dedicated for that purpose. Where is the rationale in that argument?

Mr Urbanowicz: I think the difficulty I see with the argument is this: It appears the rationale has been on a needs basis and that is, I guess, what the alliance and other organizations are suggesting. Maybe I am taking too simplistic an approach, but as far as the Hamilton Philharmonic Orchestra is concerned, we as an individual group, I think, are not going to strongly recommend, urge or support anything other than simply what was committed in the original proposition, so that would be Ontario lotteries and Ontario lottery funding only, but that would mean all of the money be earmarked for that specific purpose.

We, as an organization, have not been party to all the discussions that have been held throughout the province in trying to come up with what would be a sensible compromise or resolution of this matter. In all honesty, I or we are not privy to all the arguments for that extra one third. I think it is based on a needs basis, though.

1450

Mr Cureatz: I am interested in your presentation and what we heard from the Toronto Symphony Orchestra. I indicated a query to them, whether they felt that upon their various applications, the success they might receive would be determined by the person processing the application. Seeing that it is the Toronto Symphony, do you feel competition? Obviously you have competition, but is there a degree of shrugging one's shoulders? Between the Toronto Symphony and yourselves applying, are you saying mentally in the application, "No doubt the Toronto Symphony is going to be further ahead than we are in terms of the various funds available"? I guess the question is whether you find competition very hectic among your own various associations.

Mr Urbanowicz: The answer is yes. However, what we are dealing with is a large province. Even between Toronto and Hamilton, I think we have been able to identify what our market is. We do recognize geographic bounds to our market. On the fringe we do compete with the TSO, but I think we compete with the TSO, I hope, on our grounds. We are not offering the same thing as the TSO. While there is some programming we do that are large symphonic works, we offer different experiences, not only in the hall but a different experience in getting to the hall, arriving there, getting home on time and all of the other services or all the other considerations of an evening's entertainment.

Yes, we do compete. Yes, we think from time to time that somebody else is getting a bigger share than we should, but that is just sour grapes. It is up to us to do the best we can and sell it. If we cannot, then we do not deserve it.

Mr Cureatz: If in terms of this legislation there is the possibility of less funding available under the legislation because of the competition with hospitals, do you think that would mean a greater degree of competition



among your groups, notwithstanding your indication that you have a certain area you feel comfortable with?

Mr Urbanowicz: Yes, but the competition with hospitals is something that is a sore point with me personally now, not just the Hamilton Philharmonic Orchestra, simply because there has been so much private money dragged out of the community for bricks and mortar in the Hamilton-Wentworth area. Every hospital is undergoing a major reconstruction, a major expansion, the creation of oncology clinics, etc. Look at the amount of money that has been hauled out of the community for that specific purpose. I am not saying it should not be done. What I am saying is if you have \$50 million—I do not know what the figure is—being taken out of a community, it is simply not available for other purposes.

I am more concerned about the competition with hospitals because I would rather not be in that position. I think the funding of hospitals requires—I am not telling you how to do your job—the funding of any particular area of activity in the government requires a plan to make it work. In this particular case, there happen to be some funds to be divided that are on the table. All we are advocating is that if the funds were raised for a specific purpose, use them for that purpose.

We would rather you not change it, because the people who contributed to the lotteries, who played the games, thought it was going to culture and recreation. If you want it to go to hospitals, then you are changing the rules in midstream. I can see doing it on a prospective basis and informing your customers of the change, but we would rather not deal with a retroactive change in the rules of the game.

Mrs Marland: It is very interesting to hear you talk about those funds being hauled out of the community because at one time that was not necessary to the extent that it is now, but it is necessary now because of the policies of the current government in terms of capital funding for hospitals. They are making their priorities, whatever they are, and so it is very true that the competition for those corporate and community dollars is very keen.

Just for my own information, and maybe you have already said this, what percentage of the Hamilton Philharmonic Orchestra, and I am a subscriber, are paid musicians? Are all the members paid?

Mr Urbanowicz: I am almost sorry for saying this: We are a professional orchestra and all the members on stage are in fact paid. We have a core orchestra which, ignoring vacancies, is to be 32 core players, which is augmented on an average by another 30. I do not want to call them part-time. They are members of a Toronto pool of musicians whom we contract for a specified number of services during the year.

Quite frankly, we cannot afford to keep 65 players on a full-year contract. We provide job security for the core of our orchestra, which would be the principal positions, and use those leaders to ensure that, let's say, the second level of avocational player performs adequately.

Mrs Marland: But when you started, it would have been the same as the Mississauga Symphony Orchestra when it started; only a few were paid musicians. I did not realize that they were now all entirely paid musicians.

In budgeting for the orchestra in terms of your ticket subscriptions,

have you been impacted by the amusement tax? Is that something you had anticipated?

Mr Urbanowicz: The goods and services tax?

Mrs Marland: No. Is there not now an additional music tax? It still does not apply to your theatre and therefore to your orchestra.

Mr Urbanowicz: That is correct. Mind you, we are concerned about the nine per cent hike with the GST, but that is for another day.

Mrs Marland: There was a bill that was tabled in this House that was going to add an amusement tax to the nonprofit theatres, which includes yours, and certainly your theatre general manager led a great fight against that.

Mr Urbanowicz: We are appreciative of that.

Mr Fleet: I enjoyed your presentation very much, as well as a number of the comments you have made in conversation with various members of the committee. One of the things you have reiterated and, as I understand it, is the key thrust of your presentation is that promises were made to groups and in essence the promise ought to be kept.

One of the things that I think is difficult about the situation is that the legislation that currently exists, which was passed by the Conservatives, does not contain the kind of language about trusts or guarantees or any of that language. Groups have persistently said, "This is what we understood the deal was." Quite simply, it would appear, based on the presentations you and others have made, that the government of the day may have told them something other than what was in the legislation.

The problem we have, as a practical matter in the current government, is to say, "What is the reality of the process?" The reality of the process is that government spending in these areas has gone up at twice the rate of inflation over the last five fiscal years, and there is nothing in the bill that is proposed now that would alter the basic orientation the government has to culture, the arts, recreation or any of those things.

The reality also is that if this bill were stopped in its tracks, that would not mean that because of the current legislation, cultural groups would get a nickel more. They could lose it all under the current legislation, were that the intention of the government of the day. That is not the intention of the current government.

Certainly, there have been many suggestions made by members of the opposition—that is their job and I appreciate their point of view, but the fact is that there is not a direct competition with health in the way that is suggested. The bill does set out a consideration of matters of culture and recreation. It is different from Bill 38 and it is only if there is a surplus, to the extent there is a surplus, that it is specifically allocated.

Mr Laughren: Yes, there is. It is right in the bill. That is nonsense.

Mr Callahan: There is nothing in the original bill. That is the problem.

Mr Fleet: The reality is, Mr Laughren, that the current legislation fixes an absence of appropriate wording from the past. So I understand the



concern about promises. We did not make those promises; we are here to fix a problem that we have encountered in this area.

1500

Mr Urbanowicz: May I?

The Chairman: You may respond to that comment, if you wish.

Mr Urbanowicz: There was not a question, but I will make a comment on that.

Mr Fleet: It was not a question; it was rhetorical.

Mr Urbanowicz: Give me a chance.

The Chairman: Go ahead.

Mr Urbanowicz: First, I have not read, clause by clause, the old legislation, the new legislation, nor do I specifically recall anyone standing up saying, "I guarantee you'll get this; I promise this," etc. Let's start with that. However, I think all you need to do is take a look at the publicity material that the government of the day put out, that we poor or unfortunate charities or arts organizations put out, where we enticed people to participate in a program because it would benefit us. That is a fact, regardless of what the bill says.

Second, I applaud your efforts to improve the language in this bill and only encourage you to go one step further in the improvement and specify what those commitments were, without the addition of hospitals.

The Chairman: Thank you very much. I appreciate your coming and giving a presentation and defending yourself so well. I am not going to allow any more questions, because our time has run out.

Our next presentation is on behalf of the Ontario Recreation Society. Actually the town of Lindsay recreation department, in the person of Doug Moses, will be making this presentation. Please come forward. You will have to introduce your colleague, at the beginning, I would hope.

#### ONTARIO RECREATION SOCIETY

Mr Moses: I have with me Susan Mundick, who is the treasurer of the Ontario Recreation Society. On behalf of the Ontario Recreation Society, I would like to thank the chairman and members of the standing committee regarding Bill 119 for allowing our voice to be heard on this crucial matter to our province.

A bit of history on the Ontario Recreation Society: It was formed in 1970—you will hear this word—in partnership with the then Ministry of Culture and Recreation. This partnership with the Ontario government has lasted for approximately 19 years with one thought in mind, and that is to enhance the leisure and recreation services throughout Ontario.

Specifically, ORS is a nonprofit organization. We have grown from 200 members to just over 680 paid members across the province. Our membership works in settings such as the YMCAs, therapeutic recreation, municipal recreation and many others.

We have two standing councils, the Therapeutic Recreation Association, which is recreationists within a therapeutic setting, and the Correctional Services Association, which is recreationists within the provincial and federal penal institutions.

I am sure you are now getting the message that the leisure service industry is very concerned about Bill 119 and the impact it will have on our industry. I believe you can confirm that there has been a lot of statistics on the impact this will have on our industry.

ORS would like to focus on several concerns and raise several questions. I will begin by saying that the health care costs a government has to face are enormous. When one third of all the taxes go to one area, such as health care, it is bound to cause problems. However, trying to solve this problem with Bill 119, if I may use the comparison, is like talking about impaired drivers on the highways and the grief, destruction and money that it costs our citizens of this province, then the government eliminates the funding for programs such as the Reduce Impaired Driving Everywhere program, the Students Against Drunk Driving program and all educational programs which reduce the number of people driving while impaired.

We feel that the government is complaining about costs to health care in this province, but shooting itself in the foot by trying to pass Bill 119 which will severely injure the only preventive maintenance system for individuals that we have in this province. That is our industry. We are the ones providing a better lifestyle and trying to slow down the use of health care in this province. The government is telling us with this bill that the leisure service industry must continue its fight for a better lifestyle in this province with little or no help from the province. We say no, that this should not happen.

At the Liberal convention in April 1988, the Premier spoke about the direction his government would move towards in the 1990s. He spoke about promoting healthy lifestyles and building for our children. Having three of my own, obviously that was a good thing. Then in the throne speech on 25 April 1989, he again mentioned this. It seems to me that he is speaking with a forked tongue by introducing Bill 119.

There is further evidence of this in the throne speech dealing with health. Mr Peterson said that the Premier's Council on Health Strategy had identified several health goals. Here are two of them: "shifting the emphasis from treatment after the fact to health promotion and disease prevention," and "increasing the number of years of good health for Ontarians by reducing illness, disability and premature death." Are these not also the most important benefits of active participation in the leisure industry? It appears logical that there should be legislation to increase the funding and not take it away.

The question why continually comes up during the discussion on Bill 119. Surely the province is not telling us we are doing something wrong by trying to provide a better way of life for its citizens. Surely they are not trying to say that there is enough arts, culture, recreation and parks in this province. Surely the province is not saying that the people have to pay for this from their local tax base if they want this lifestyle and not from the lotteries, as they have enjoyed for the last decade. Well, that is what this government is telling them and this is what they will have to expect if this bill goes through unchanged.



Thanks to the lottery program, the province has been a partner in the opportunity to make sure that even the smallest municipality has the opportunity to improve its lifestyle for its citizens. These small municipalities had an opportunity to develop, and develop they did. They really appreciate receiving what larger municipalities have grown to expect. Some of these developments were community centres, arenas, playing fields and senior citizens' activities.

I am sure that all the members agree that this improved leisure for small municipalities was solely because of the stimulation of the lottery programs. The government recognized over the years that these small municipalities needed more than one-third funding from the Wintario program, so they received one-half funding in northern and eastern Ontario. There was growth in the leisure field like never before and a strong partnership existed with the government, the people and local councils of the day. This was a win-win situation.

With the introduction of Bill 38 and now Bill 119, the province is saying, "We are backing out of this partnership." The people and local councils will have to do it on their own. Nobody wins in this situation. This means that if you live in a small municipality with a small tax base, you will not be able to afford the way of life you thought you deserved by living in this province. We will become deprived of the equal opportunity a large-tax-base municipality has.

1510

Therefore, the province has backed away from this partnership, leaving the facilities and programs to be run by the people and council, and I feel very uncomfortable with condemning a person because he does not live in a large municipality with a large tax base. I know hundreds of cases in which, if it were not for the Wintario lottery program, the small municipality could not offer the leisure services it presently has and will not be able to afford them in the future or maintain them.

The family fabric is important to this province, and I am sure members recognize that this important fabric is under more strain than ever before, especially with homes needing two incomes to survive. This is placing a larger responsibility and need for our profession to supply good leisure programs and activities to assist in the family unity. Bill 119 does not assist us in this important role; it will hinder us greatly. If the recreation profession cannot offer opportunities to families through activities and adequate facilities, the health care system will be the one picking up the bill in the future.

The government's plan under Bill 119 to add the activities of the Ontario Trillium Foundation and the operation of the hospitals to the dedication under section 9 of the Ontario Lottery Corporation Act presents many uncertainties to the recreation sector. Unallocated surplus profits from the Ontario Lottery Corp dedicated to sports, recreation, fitness and cultural activities, estimated at between \$369 million and \$400 million, would immediately be reallocated. We recognize that this is largely an accounting difficulty as the \$400 million in unallocated profits are not in a trust fund for the recreation sector, yet the government proposes to designate this money that has already been spent on the operation of hospitals. This is not in keeping with the intent of the legislation as passed in 1975, and has many recreation and leisure people very concerned.

Why is there a surplus? There is a surplus because between 1986 and 1988, for example, the government only approved 44 per cent of all capital

grants that met the criteria. Also, Wintario capital grants were frozen for a year. This so-called estimate of \$400 million that is unallocated surplus from the Ontario Lottery Corp was dedicated to the leisure industry of this province, yet we find out that it has already been spent on the operations of the hospital. Does this mean that my pension plan, which currently has a surplus and has been approved by legislation for that purpose, and now if hospital care requires it, the government will go out and spend money and then pass legislation after the fact to make it right?

If I were a member of this provincial Parliament, I would want to know exactly where all that surplus really went to; it certainly would be interesting, because I am sure people would like to know.

This is Mr Nixon's second attempt to change section 9 of the Ontario Lottery Corporation Act, once under Bill 38 and at that time the public voiced concern and he withdrew it from Orders and Notices. Now with a majority government, he puts us against hospitals and introduces Bill 119 and still does not talk about minimal funding for the leisure service industry in this bill. This man goes from being in a partnership with the people of the leisure industry to one you do not want to turn your back to. The proof is there. Mr Nixon has made up his mind and is not listening. My concern is: What merit and respect is he going to give this standing committee on general government and the hundred or so organizations that have come to voice their concerns that represent millions and millions of people in this province? I feel that we have been betrayed.

If Bill 119 is passed in its present form, many statements and goals as proclaimed in the 1989 throne speech become nothing more than meaningless words. The government will be accused of not fully committing itself to pursuing healthy lifestyles, safe communities and promises of a future for our children.

If Bill 119 comes into effect, the whole leisure service industry will be crucially devastated, all for less than one day of hospital care.

Therefore, in conjunction with the Parks and Recreation Federation of Ontario, the Ontario Recreation Society recommends—and I am sure you have heard this before:

1. The accumulated profits of the dedicated Ontario lotteries, \$400 million, should be treated as a trust fund and the interests thereon should be allocated annually for the support of culture, recreation, sports and fitness. The interest of this trust fund could be split equally between the culture and recreation sectors and could be allocated for specific priority projects.

2. One third of the ongoing annual profits of all six lotteries should be allocated for the support of culture, recreation, sports and fitness. This is consistent with the intent of the current Ontario Lottery Corporation Act and in keeping with the existing and anticipated needs of the recreation and culture sectors. These ongoing profits should continue to be used for capital projects and other specific nonrecurring purposes.

Mr Chairman, I appreciate the time you have given the Ontario Recreation Society. I am sure there will be questions.

The Chairman: So far I have four. Through the graciousness of Mrs Marland, Mr Callahan is first; then Mr Laughren, Mr Fleet and Mrs Marland.



Mr Callahan: You are obviously familiar with what the present law is. You have read the bill?

Mr Moses: Yes.

Mr Callahan: You know that the present bill, which will continue to exist if this one is not passed, put all that money into the consolidated revenue fund "to be available." Three beautiful words: to be available. It did not say where the surplus, if any, went. All this bill really is doing—forget about the Ontario Trillium Foundation; that is a regularization of getting the charitable corporations out of the lottery field. It was a deal they made and it is being regularized. If you take that out, you really have what you had before, the only thing being that this government is now being up front with you and saying: "Here's where the surplus goes if there is a surplus."

Granted, they are eliminating the notional surplus, because it is not there. The former Conservative government obviously was not granting every application that was being made. In fact, they were probably pulling back a lot of dollars; ie, the reason you are here is because of that previous history. I do not blame you. You did not like what you saw there and you think the same thing will happen here.

The only thing I would add is that when I make judgements, as I am sure you make judgements or anybody else makes judgements, I usually rely on past track history. Since 1985 until now, it is my understanding—in fact, it was reported in the Hamilton Spectator—that Ontario allocated some \$96 million for culture and recreation in 1986 and is spending \$97 million for that purpose this year, an increase of \$1 million.

As well, I understand that the lottery profits have increased by \$15 million, whereas the additional spending of the government has been some \$47 million. If I had to make a judgement based on circumstances, I would rely on that track record.

But let me address you very quickly, because others want to either ask you questions or speak. You are asking for one third, as many groups have asked for. Take this scenario: Let's say the lotteries fall off, because of more lotteries coming into the field or because the economy warrants it or people get tired of their numbers never coming up or whatever. If you put yourself into a category of one third, you are then caught within the shrinking violet, as it were, and any government, be it ours or any government that comes after it, could simply say to people in your position if you were looking for moneys: "I'm sorry, but that's all you get, a third." So it is a double-edged sword. I would like to have you comment on that.

Mr Moses: I would. I am sure Don Gordon is going to comment.

Mr Callahan: Don and I were talking about it. Don is coming in on Wednesday, in fact. Don wants 50 per cent, I understand.

Mr Moses: Don actually works quite hard, not only for—

Mr Callahan: Oh, he is a superb guy.

Mr Moses: —but for the province and recreation. If I can make two comments. One is that it is nice what I heard a little bit before I came in here, about the small communities and everything like that. But more specifically, we the leisure services have never appreciated more than, I

would say, about 48 per cent of what the Lottarios have brought in under the current legislation right from the beginning.

Right now I believe you can increase it \$1 million since your party has come into power; however, it is still under 50 per cent of what the actual lotteries have been building up. Our feeling is that we are in a preventive maintenance system here.

1520

Mr Callahan: Agreed.

Mr Moses: The hospital care is \$15 billion. We are not saying as an industry that this should be shoved and put into a corner. It is too big; it cannot be. However, if it was in the long-term interest, if the money is there and the money can be allocated by legislation and we are only receiving 44 per cent, think what we could do with 60 or 70 per cent. Possibly in the long-term effect, instead of having \$400 million placed in other areas, if we had that money we would maybe be stopping people going into the hospital. This is what we feel that we are doing. To be compared to hospitals as an essential service, and we feel we are an essential service, is like getting an ocean liner and a motorboat to come up the same gas tank.

Mr Callahan: Yes, but you are asking for a third or you would not have that kind of—

Mr Moses: We are asking for a third of all the lotteries.

Mr Callahan: The interprovincial as well as the intraprovincial?

Mr Moses: It is all the lotteries. So there is a big difference, too. When you only get 44 per cent of the allocated funds that meet the criteria, either it is an administration problem or you are saying the criteria are too big or you are not allowing what rightfully the people of Ontario feel they deserve.

It does not take too much sense to walk through small communities—I have been in five of them, working in two, right from the town of Almonte in the Lanark county area right through to Lindsay where I am now. Phenomenal change has taken place in the leisure field and it is solely because of recreation, and that is with the less than 44 per cent. Give us more than that and we feel we can at least slow down the hospital problem.

Mr Laughren: Mr Moses, I liked your brief despite the fact I disagree with one of your statements on page nine, "If Bill 119 comes into effect, the whole leisure services industry will be critically devastated." I think a better word would be "could" be devastated, because there is no indication that is going to happen except, and this is what has got so many of us very nervous, there is nothing to stop the government, to use the extreme example to make the case, allowing \$1 million for all the sports, recreation, fitness and culture and taking the other \$484 million this year and giving it all to the operation of hospitals. There is nothing at all in this bill to stop that. There is no priority established in this bill for any activity. So you are in a head-on competition against hospitals. It is as simple as that. I wanted to ask you a question—

Mr Callahan: —legislation remains as it is.



Mr Laughren: Would you stop giving the witness a hard time?

You asked a question on page eight and I thought I should answer it. You said, "If I were a member of the provincial Parliament I would want to know exactly where all that surplus really went." I have an obligation to answer that for you. They stole it. It was dedicated to fitness, culture, recreation and sports and they took it and they spent it. There is no surplus now. None. They will admit that.

Mr Moses: I want to carry that a bit farther. There are two points you brought up. The first one would be on completely devastated. I feel that in the large municipalities, Scarborough and Mark Neeb and his army of good people and right through to Brampton, these communities are not going to be devastated. We all know that. But talk about Wawa and northern Ontario and you start taking away their Wintario capital programs for recreation centres, \$30,000 or \$40,000 to keep an arena going in a small community is big stuff. You take that away and that gets into your second question about \$1 million for the whole province. There is a saying my dad had, that people who have majority governments have a large landslide and everything gets buried except the hatchet.

I am sure the people would respond desperately and in good manner because we have grown to expect leisure service. We have grown to expect good quality recreation. I feel very proud that my 40 young years of life have been spent in small communities, and I have seen communities and the problems the children have who do not have good recreation, leisure and culture. I have seen the communities that have; it is night and day. I guess I was referring to the smaller communities when I said that.

Mr Laughren: I live in a community of 10,000 people in northern Ontario. As a matter of fact, this morning one of the groups raised this. There, they needed \$300,000 and change to put a new roof on the arena, which has been condemned. They still have not got that money from the lottery system. That means an enormous amount to a community of 10,000 people.

Mr Moses: Sure it does.

Mr Laughren: I want to ask you about a statement on page 7 at the top, "If the recreation profession cannot offer opportunities to families...the health care system will be the one picking up the bills in the future." In other words, you are using the preventive care argument that this it is what recreation and sports are. Do you not find it weird that the very people who are picking up the tab for lack of recreation are in some ways the same ones you are going to be competing with for funds? Does that not strike you as—

Mr Moses: It concerns us. I guess we are not different from any other state in the United States or province in our country. It was nice and we do take up the challenge of the Premier (Mr Peterson) who has decided to put drug awareness and everything like that in the hands of the Minister of Tourism and Recreation, Hugh O'Neil. It seems alarming that that added responsibility and great challenge for our field—because I feel it is an area that could assist—is now going to have to compete with an area. If we lose, it is going to be devastating again.

Mr Laughren: Just to reassure you a bit, Hugh O'Neil is no longer the minister. It is Ken Black now, is it not?

Mr Moses: Sorry; Mr Black.

Mr Laughren: That is at least a little more reassuring. I would not want to be partisan.

I should tell you that the government members are going to have an opportunity to make a decision—the whole committee is—because the opposition members are going to be moving amendments incorporating those two points into the bill. One of the purposes of this committee is to move amendments as we see fit and you can be assured that those two points will be moved in amendments of some kind. If the majority of the committee votes for it, it will pass and you will get those two points. If the majority of the committee votes against it, you will not get those points and the bill will remain as it is. It is as simple as that. It is a very straightforward process. Thank you for your presentation.

The Chairman: Mr Fleet, we have only a few minutes left and because Mrs Marland was gracious before, I hope you will be too and make your remarks very brief.

Mr Fleet: I will try hard.

I want to respond to a couple of points you raised in your presentation. I enjoyed the presentation. Clearly, you feel strongly about things and I do not want to repeat some of the points Mr Callahan made. The reality is that our duty here is to look at what the bill says. You talk about it in terms of a trust fund or a pension plan. I tell you, if they had made it a pension plan, that would be a different thing. We would not be here today. They did not do that.

What they did was they used, at best, vague language that was something quite different, it would appear, from what groups came to think they were getting. I appreciate the problem from your point of view. Our problem now is to fix it up and to proceed in a way that is fair to recreational groups and all the other groups there are out in Ontario.

1530

That leads to the second point, which is that the question before this committee is, what do we do with the bill? Mr Laughren is quite correct that there are amendments put by the opposition, or the government for that matter, and we will have to consider them. This committee is listening. We are less than halfway through our period of time for hearings.

I guess the difficulty I have is that the underlying concern I hear is one that says, "We want to get more money however it is sliced"—that is really what people are looking for—"and a certain sense of security of what that amount of money will be." It seems to me the most important thing is the track record of the government of the day. Our track record speaks for itself. The amounts have increased at twice the rate of inflation, not just lottery funds but overall government spending.

I can appreciate the concerns you have. Obviously, the promises you feel were made to your organization some 10 or 12 years ago, or whenever it was, did not come to fruition, but the government of that time proceeded as it did. We are now trying to make sure that the legislation is upfront about what it does and I do not see this as being a sign of a cutback; I have no indication of that. I say this just so you have a sense of at least how I see it as a



member of the committee. Thank you very much. I hope that leaves enough time for Margaret Marland and for any responses.

The Chairman: That was just a comment. He again did not ask any question.

Mr Moses: Just a short and sweet comment: If you are trying to help out and everything like that, do not put us in the same arena as hospitals with \$15 billion, requiring a third of the tax base. This is the thing: For recreation and leisure services, the tax-based funding has dropped dramatically over the last four or five to 10 years. It is a proven fact. The Community Recreation Centres Act: Northern Ontario loved those programs and was developed under it in the leisure services; gone.

What is happening? You are giving the lottery program more money, or giving \$1 million, still under the 44 per cent of the actual allocation. If you want to help us out, do not pit us against the hospitals. Give us the money that is in the legislation so that we can go out and do something with it and stop—the large base, the hospital having more and more patients.

Mr Fleet: I do not think this bill pits you against the hospitals any more than it does today, but that is my view. I do not want to cut off Margaret's opportunity.

Mr Moses: You have brought that up several times. If I may, the problem is that when push comes to shove and the cabinet is sitting around and there is a need to expand a hospital and there are all these block works that I hear are going up in Hamilton and all over the province, and an orchestra or a recreation or community centre in Wawa needs that money, I get a funny feeling where it is going to go.

Mr Fleet: That would be true today under the current legislation; that is my point. Despite the fact that is the case today, government spending has gone up.

Mrs Marland: Mr Moses, you are absolutely right of course in what you have said. You can just look at the past week where we now have our major cancer treatment hospital in the city of Toronto not accepting any new patients for six weeks.

Mr Reycraft: Margaret, it is because they cannot find technicians.

Mrs Marland: The fact of the matter is that this is an indication of how the current Liberal government plans for health care. So when you say that when you sit at the cabinet sweepstakes table and you are looking for funding, you are absolutely right that if you have cancer patients who need treatment and for whatever reason are not able to access that treatment, there is no way the cultural and recreational groups will win.

What I think, however, is significant in terms of what Mr Fleet has said—he said the reality is that we should look at what the bill says—is that fortunately the process of these public hearings permits us to also look at what the bill does not say. I want to congratulate you on your very well worded presentation. It is one I will keep and when we debate this back in the Legislature, I will use it for quotations.

I think it is singularly significant that your group and the cultural groups came together to fight Bill 38. At that time, I was the culture critic

for our caucus. It was the first time in the history of our province that culture and recreation had come together. They realized the significance of Bill 38. We keep being told that Bill 119 is not the same wording, but I think that in your brief you refer to these wonderful altruistic promises by the Premier in the throne speech. When we talk about healthy lifestyles and the things that you refer to here, it sounds wonderful. Unfortunately, the public does not realize that they are just words.

The fact is that yes, there is a need for funding the health care system, but there is an equally important need to fund preventive medicine, which is what your programs are all about. I really commend you for your presentation today and thank you for being here.

The Chairman: I think this would be a good time to thank you very much, Doug, for your presentation. Mrs Marland has said it very well.

Our fourth presentation of the afternoon is on behalf of the city of North Bay parks and recreation. David Saad, the assistant recreation director, is going to be making that presentation.

#### CITY OF NORTH BAY PARKS AND RECREATION

Mr Saad: Thank you for the opportunity.

It is most disheartening to me to hear that a hospital such as the Princess Margaret must close its doors for six weeks in order to catch up on the current backlog of patients. One cannot compare this need with that of a hockey rink or a new play park. On the other hand, the recreation policy statement of the Ministry of Tourism and Recreation states, "Recreation programs and services must provide opportunities in which all aspects can find expression and development, thus creating the conditions in which people can live their lives to the fullest."

The needs that are created by these two scenarios stated above are the basis of my presentation and one cannot get lost in the shadow of the other.

In the community recreation policy statement established by the Ministry of Tourism and Recreation, the words "co-operation" and "co-ordination" appear as part of the goals of this policy statement. What better way of striving to meet these goals is there than to combine preventive medicine with healing medicine to ensure that we are doing our best to offer a quality lifestyle to the citizens of Ontario?

But it must be a partnership. For this reason, I support the concept that one third of ongoing annual profits of all six lotteries be allocated for support of culture, recreation, sport and fitness. In so doing, you are ensuring that this province will be proactive in attempting to meet the needs of the citizens, regardless of their health status.

This proposal provides the guarantee that our profession deems necessary in order to assure us that a reasonable level of funding will be available on an annual basis to meet the needs. On the other hand, new funds will be freed up to maintain the quality standard of health care that this province has established.

I come from a community that is awaiting sod-turning on a new \$65 million hospital development. At the same time, I listen to our citizens' complaints regarding inadequate athletic and cultural facilities. It would be



great to lodge a major fund-raising campaign to develop museums, pools and athletic complexes, but it is quite difficult to bring the community on board for recreation facilities, knowing full well that a campaign will be struck to raise millions of dollars for improved health care.

This proposal of guaranteeing a percentage of dollars for projects that meet the criteria that were originally laid out in the Ontario Lottery Corporation Act, as well as providing financial assistance for improved health care, makes the task of being proactive in all sectors of the community an easier job.

Health care in northern Ontario is a concern. It seems that if you require anything out of the ordinary you have to travel south. Financial assistance is provided, but in a lot of cases the physical strain outweighs the financial burden.

Hopefully, this proposal of guaranteed shared funding might alleviate that situation in that technical equipment and proper facilities, which may draw specialized doctors to the north where proper equipment will allow them to use their skills to the best of their ability, might now be made available.

However, I must say that with Bill 119 as it currently stands, we are guaranteeing that better health care will occur, but what are we doing to guarantee that funds will be available to allow leisure services to grow and expand at a rate that will allow us to meet a good portion of the demand? Bill 119 as it currently stands does nothing to guarantee it. This proposal of a one-third allocation gives our profession something solid to offer to the citizens of this province.

Our profession, above all others, is so dependent upon games of chance as our major source of funds. Lotteries, Nevada tickets, bingos, draws and raffles provide so much money in order to allow recreation to take place that I am surprised Pete Rose has not moved to Ontario. People always go out and earn money to allow activities to take place. This is fine to increase participation, but how are municipalities expected to come up with dollars to provide the facilities to meet the demands that are being made on us. Guarantee one third allocation of all lottery dollars to recreation and culture and allow us to have a solid base upon which to grow.

1540

This leads me to the second point which I support strongly, that the accumulated profits of the dedicated Ontario lotteries, \$369 million, be treated as a trust fund and that interest thereon be allocated annually for the support of culture, recreation, sport and fitness. The interest could be split equally between the culture and recreation sectors and could be allocated for specific priority projects. I see this point meshing with the previous point to allow progress to take place. By guaranteeing one third of lottery dollars for recreation and culture you are ensuring that what we have today will remain. By establishing this trust fund, you are providing additional dollars on an annual basis to meet the increased and growing demands requested by all citizens.

This province has gone from an industrial society in the 1800s to a technological society, and in the future it has been predicted that we will be a leisure society. Leisure is becoming more and more important worldwide—shorter work weeks, unemployment, early retirement, all are creating a situation where leisure will be occupying more of people's time.

Not only is this new leisure focus related to sport and fitness, but a greater awareness and interest in environmental-related leisure is emerging. New interests and activities such as hiking, cross-country skiing and just enjoying nature in its natural state is emerging, and we have a commitment to ensure that these opportunities are not lost to other sectors.

This focus on the importance of preserving the environment in its natural state is very important province-wide and is of great concern to those of us who live in the north. Northern Ontario is not unique, but it is different. In many cases we have huge areas that have not been affected by man's desire to grow and expand. This is not the case in the south. We still have clean water, fresh air and natural greenbelt areas. This must be maintained, and the government of this province has an obligation to ensure that these areas are maintained while at the same time creating proper methods by which all citizens can enjoy them.

Environmental protection must be a priority and the dollars required to provide such protection must be available. People have gained a greater appreciation for the environment, and the natural beauty that the environment affords is one of the major attractions that we in the north have to offer. If it is allowed to deteriorate, the economic impact on the north will be devastating. Improved funding for environmental protection will be money well spent. The rewards will be a healthy environment for the present and the future.

Recreation and culture activities have a tremendous impact on the economy of a municipality. A study done in May 1988 relating to two curling events held in North Bay shows that the total estimated dollars spent by visitors to these events was \$215,637. If those kinds of dollars were spent on curling events, project out the impact of 15 ice-related tournaments and 14 ball- or soccer-related tournaments and one can quickly realize the millions of dollars sports generate in a community of 50,000 people. Aside from the enjoyment of participating, businesses have come to count on this revenue as part of their annual income.

It is fine to identify these special events; however, one must realize they provide opportunity for thousands of people to participate at the grass-roots level. The demand for recreational facilities is growing steadily, and if we do not have the funds to meet the demands, business as well as recreation and culture will suffer. If the government can guarantee that the seed money is there, then private business and municipalities can work co-operatively towards meeting the demand. By guaranteeing a certain percentage of funds on an annual basis and establishing a trust fund, the government will be creating an opportunity to maximize the use of provincial money while at the same time investing in our economic future.

The increase of leisure time and the need for more promotion of our local area, major events and attractions are the activities that families are turning to in order to allow them to participate as a complete unit. Whether it is spectator events, entertainment events or direct hands-on participation, these types of activities act as a catalyst in allowing families to participate together. In northern Ontario, the town fair serves to meet this need to a certain extent. However, there is more of a demand for major events and showcases that provide entertainment or opportunity above and beyond the normal activity.

Sport and recreation events have a tremendous impact on the economy of all communities, and this is nowhere more evident than in northern Ontario.



Our community recently hosted the Ontario Winter Games, a showcase of our province's top-quality athletes. Programs such as provincial games benefit, not only the athletes but also the local economy. However, unless more funds are made available, this program is in serious trouble of not taking place due to the inability of communities to handle the financial burden that this program creates.

In a speech made by the member for Lincoln (Mr Pelissero) on 27 September 1988, he stated that every dollar spent on the games could generate up to \$9 in accommodation receipts and other economic benefits to North Bay. He went on to say that supporting the games is also a solid investment in people. All these points are well and good and, yes, the games had a positive economic impact on our community, but in order for this event to take place, our management committee had to come up with over \$400,000 to ensure that a quality program was offered to the 2,800 athletes. The ministry is struggling to find communities that can afford to host programs such as this and unless more dollars are made available, host communities will be difficult to find in the future.

Provincial games are an important step in the growth and development of our young athletes. Special dollars are required to allow these athletes to excel, and the lottery program can provide these funds. In so doing, two objectives will be met: we will ensure that our athletes have the opportunity to develop and we will not eliminate areas of this province from the opportunity of hosting the games due to the lack of revenue-generating capabilities.

These are the types of programs that will suffer if we do not provide the necessary dollars for sport to progress and develop. The other offshoot of the elimination of such a program would be the lack of opportunity to showcase our athletes and to allow communities such as North Bay the opportunity to reap the economic benefits of hosting such an event.

One area that is increasing its impact recreationally, culturally and economically is the festival and events industry. Call it what you may, these events afford people the opportunity to occupy their free time with an entertaining form of recreation. The Gateway Heritage Festival in North Bay has grown in four years from 10,000 people attending to this year's record attendance of 72,000-plus. There was such a high level of participation in these events, the message is clear that people want and need this form of recreation, particularly in northern Ontario.

We have no Wonderland or SkyDome nor is it practical to expect something of this magnitude. However, support for these events, along with the development of some sort of major attractions, would be a progressive step in meeting the needs of residents who reside outside of the central core of this province. Again, this cannot happen without funds. This whole area of festivals and events is and will continue to be an important recreational activity, and funds must be made available to ensure that special events such as festivals are recognized by the recreation ministry and supported in a proper manner.

Special events and attractions should be available to those who live outside the Metropolitan Toronto area. Time and dollars provide restrictions for northern Ontario residents who travel south for shows and attractions. Revenue from lottery dollars can ease this burden and allow the people of northern Ontario the opportunity to have festivals and events accessible to them by staying in northern Ontario.

In summary, I speak on behalf of the Nipissing-Parry Sound Recreation Association and the city of North Bay in stating that we support the proposal of the Parks and Recreation Federation of Ontario that one third of the ongoing annual profits of all six lotteries be allocated for the support of culture, recreation, sport and fitness; that these ongoing profits continue to be used for capital projects and other nonrecurring purposes; that the accumulated profits of the dedicated Ontario lotteries be treated as a trust fund and the interest thereon be allocated annually for the support of culture, recreation, sport and fitness; and that the interest of the trust fund be split equally between the culture and recreation sectors and be allocated for specific priority projects.

Co-ordination and co-operation will allow for all sectors to benefit from lottery dollars, but let's not make one dependent upon the leftovers of the other. By guaranteeing that dollars are available for preventive medicine, you will be lessening the demand for healing medicine; and in this way, we all benefit. Thank you.

The Chairman: Thank you very much. I have a question or comment from Mr Laughren.

Mr Laughren: Given your glowing comments for the need to protect the environment, I am surprised that you are not up on the Red Squirrel Road today.

Mr Saad: I won't get into that one.

Mr Laughren: No. I better not get you into that one.

I appreciated your brief and I feel like I am your neighbour. I come from the Sudbury area. How important are lottery funds to the area that you are speaking for today? Have you done any numbers on that?

Mr Saad: Do you mean to the North Bay area?

Mr Laughren: Yes.

1550

Mr Saad: I do not have the specific numbers on it. When I take a look at the recent package that we have put together relating to capital grant requests, and taking a look at the request that we have from within the community and based on what we felt was a realistic projection, if we were to get the \$472,000 that we requested relating to six projects—there are another six to 10 projects that we have not even put on the board—regardless of the amount of money that we do get, we are still playing catchup.

To answer your question, yes, it is very important. The money that we have from our operating budgets and from our capital budgets—as you can appreciate, being the north, roads and other hard surfaces seem to take a priority nine times out of 10—we have to kind of count on alternative sources to try and meet the demands for recreation and leisure.

Mr Laughren: I know that we have been getting comments from people in the smaller communities indicating that they think how much more relatively important lottery funds are in a small community than in a big community. It sort of seems to be the catalyst that could make a lot of other things happen. I suspect it is that way in North Bay as well.



Mr. Saad: Very much so.

Mr. Laughren: Thank you for your presentation.

Mr. Faubert: Mr. Saad, it is an interesting conclusion that you come to at the bottom of page 6 when you are talking about the winter games. You state that, "The ministry is struggling to find communities that can afford to host programs such as this," and I realize that \$400,000 is a lot of capital that you had to find. I assume that was your matching. Was that your matching amount?

Mr. Saad: No. The government came up originally with \$450,000, of which we received an additional \$50,000 above and beyond that. In order to meet the demands by the various sports that we were told that we had to host, we had to come up with that additional \$400,000 just to meet the needs of the athletes.

Mr. Faubert: Okay. They paid certain capital and management costs and you paid for the athletes' needs on a matching-fund basis.

Mr. Saad: No, it was never specified that it was on a matching-fund basis. No, sir.

Mr. Faubert: Okay. What were you left after the games? Did you have any facilities that were not there or were they all in existing facilities?

Mr. Saad: Of the \$900,000—plus that the last set of winter games cost, there were no capital dollars at all. They were all operating dollars.

Mr. Faubert: Okay. All the facilities were in place. This is primarily, I guess, the argument that the Olympic bid is making. The Toronto Ontario Olympic Council is looking for existing facilities without new capital. I was just interested in what they call the heritage games. In the case of North Bay, there was nothing left. There were no new facilities, no new investment in North Bay.

Mr. Saad: There was very little equipment left. It is kind of funny when you look at that. The total equipment budget in technical budget was \$82,000 for the provincial games of \$900,000. To travel, to accommodate and to feed athletes is a very expensive proposal, but I think that the expenses are far outweighed by the end-result of what we are doing for our provincial athletes.

Mr. Faubert: And also what you are doing, I guess, for the location. Your argument, I guess, also is that fewer communities in the north could afford to support such a—

Mr. Saad: In the north, but I think you can expand that to take a look at communities of our size province-wide. I think it is a great opportunity to host these. We have done it twice, but I doubt if you would ever see us apply again. It is just too much of a burden upon a municipality, but I think the program is worth the money that should be made available for it.

The Chairman: Thank you very much, Mr. Saad, for your presentation. We appreciate it a great deal.

Our fifth presentation of the afternoon is on behalf of the Carousel Players, and Eva Salter the administrator of that group is going to make that presentation.

Ms Salter: Thank you, Mr Chairman. May I pour myself a little glass of water before I start?

The Chairman: Just do whatever you wish to do within reason and make yourself comfortable.

Ms Salter: Thank you.

#### CAROUSEL PLAYERS

Ms Salter: I would like to thank the members of the committee for giving me an opportunity to speak to you today on behalf of Carousel Players. I would like to say that my delegation is all very busy in production right now. We have three productions going on the road into the schools by 5 October.

Mrs Marland: Excuse my interrupting you just for a moment. Eva and I both share the same problem, which is that your bracelets are going to bang on the microphone. I am sensitive because I have the same problem with mine, and I thought it was nicer that I came and told you. I am trying to be helpful.

The Chairman: Thank you very much. Folks who present here do not realize that there are all kinds of people out there and if you start banging the mike, I cannot tell here, but they certainly can out there. It would have been a matter of time until someone drew that to our attention.

Ms Salter: I am here in an official capacity representing the position of Carousel Players, a professional, nonprofit theatre company based in St Catharines and serving 130,000 young people throughout Ontario annually. I am also here as a strong supporter of the arts, representing the sympathies and concerns of fellow Ontarians who view Bill 119 as retrogressive.

Like the creation of the Canada Council by our federal government and the creation of the Ontario Arts Council by our provincial government, the 1975 creation of the Ontario Lottery Corp served to raise the expectations of Ontario's cultural industry that specific moneys would be dedicated to sustaining cultural activities which make a positive and healthy contribution to a lively and enriched cultural life for all Ontarians.

Carousel Players' growth and development since our inception in 1972 has been largely due to the expectations raised by these public sector funding bodies. As a professional theatre company performing for young people aged five to 19, government support which represents approximately 29 per cent of our annual operating budget has enabled us to:

1. Commission and produce 53 original plays created by some of our country's finest playwrights, designers and directors. Many of our plays promote the history and heritage of the Niagara Peninsula, Ontario and Canada, providing young adults with a sense of their community and their home.

I wish to read to you an excerpt from a letter we received recently in response to our play "Canadians All" for children aged nine to 12, which is based on three of the more than 26,000 homeless Barnardo children who came to Canada to stay at the turn of the century:



"I must make special mention of the junior play, 'Canadians All.' As you transformed our gym into a turn-of-the-century London street, a trans-Atlantic ship, a prairie farmhouse, or a Quebec fishing village; we watched our students share in a very real way all the fears, anxieties and ultimate happiness of leaving a familiar environment to go to a strange new land.

"You have very skilfully woven together people, feelings and events into a theatrical presentation that treats its young audience with respect and without gimmicks.

"The clear and emphatic development of every child, and the clear and emphatic development of a key idea provide us all with a very personal sense of participation, not just in a theatrical performance, but in real life situations. For us you have added a new dimension to the significance of 'live' theatre."

That is from a principal in the Halton Board of Education.

2. Government support has enabled us to perform with and for approximately 1.5 million children throughout Ontario. Most importantly, it has provided for universal access of all children in our province regardless of their socioeconomic background.

Government dollars help us meet the objectives of a four-pronged philosophy of accessibility which is: (i) artistic accessibility, whereby all productions created and produced by Carousel Players are appropriate to the different ages of children, their levels of interest, readiness and involvement; (ii) promotional accessibility which ensures that our presence is realized in isolated and outlying regions of Ontario, and (iii) physical accessibility which enables us to perform where children are—in their communities. Of course, underlying all of these is (iv) financial accessibility which ensures that our fees are kept affordable so that no child is deprived an opportunity of experiencing live theatre created just for them.

3. Sustained government funding has helped us to expand our operation from two full-time employees and 20 seasonal employees in 1975 to five full-time employees and upwards of 90 seasonal employees in 1989. Volunteerism during the same period has increased by 500 per cent. Our total cash flow has increased from \$300,000 in 1975 to almost \$900,000 in 1989.

#### 1600

Since 1976, lottery-based grants totalling \$65,692 and representing approximately 50 per cent of the total project costs have enabled Carousel Players to:

1. Purchase its first new touring van in 1976. Our vans represent our sole link with children in more than 400 Ontario communities.

2. With the assistance of the Wintario Half-Back program, which we were able to extend internally as a marketing concept to promote greater financial accessibility, we were able to develop audiences from a total of 80,000 children in 1983-84 to 120,000 annually since 1984-85.

3. We were able to develop a training environment for tour management and arts administration through the Ministry of Citizenship and Culture's internship program. The training seed funds enabled us to expand our operation to include the full-time position of a tour manager in 1985.

4. Lottery-based funds enabled us to purchase a computer system in 1986 and thereby substantially improve the efficiency and effectiveness of our operations. Because of the shortage of full-time human resources, effective ongoing membership drives were only made possible by the addition of this new technology.

5. Lottery-based project grants have provided professional development opportunities to key management staff in marketing, management and fund-raising. Corporate sponsorship was increased from approximately \$1,500 in 1985-86 to \$24,000 in 1987-88 as a result of one professional development opportunity made possible through a project grant in 1985.

6. We have been able to purchase vital sound equipment to enhance the production values of our plays in facilities such as community centres, libraries and schools which do not have their own sound reproduction equipment.

While \$65,692 of lottery-based funds have contributed significantly to our artistic and economic growth and development, the real beneficiaries have been the children whom we serve and the community in which we carry on our business. Carousel Players is a vital cultural and economic force in Niagara.

Our future stability and ability to continue responding to the cultural needs of our youth is dependent on a shared commitment on the part of governments. Through Bill 119, the Ontario government is in effect reneging on its moral and legal commitment to enhance and maintain Ontarians' quality of cultural and recreational life.

According to Statistics Canada figures for 1982, the art sector or cultural industry ranks fourth in employment, sixth in wage expenditures and ninth in revenues when compared to Canada's 20 largest manufacturing industries. Research conducted around the world has identified four fundamental demographic changes which are transforming the economy and contributing to an enormous growth in the arts audience and cultural participation in the post-modern economy. It is forecast that through to the year 2000, growth in arts participation will exceed growth in both the adult population and alternative leisure activities. The demographic changes contributing to this are urbanization, rising levels of education, increasing participation of women in economic and political life and ageing of the population. By 1996, forecasts indicate that the over-50 age group will represent 28 per cent of Canada's population.

Within the post-modern economy which is emerging, the arts play a major role in serving the largest sector of consumption in the information economy. Given the forecast trends for even greater arts participation, it seems inconceivable that Ontario's cultural industry faces an uncertain economic future as it enters the 1990s and that the same governments that have contributed to the growth and development of a vibrant and vital cultural industry in Ontario and in Canada would establish a shortsighted policy which has the potential of eroding a major economic industry.

Our position: Carousel Players shares the position of the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario and reiterates that:

1. The accumulated profits of the intraprovincial lotteries were and are intended to be used for culture, recreation, sports and fitness. Therefore, we ask that the accumulated profits, which total approximately \$400 million in 1989, be treated as a trust or investment fund and that the annual interest be allocated to culture, recreation, sports and fitness. This would, for example,



assist in meeting the cultural and economic ambitions as set forward in the five-year plan of the Ontario Arts Council.

2. We ask that no less than one third of the ongoing profits of all six intraprovincial lotteries be designated to culture, recreation, sports and fitness, with the remaining two-thirds profit designated to meet the modest needs of the Ontario Trillium Foundation and the needs of hospitals in Ontario.

Our conclusion: Bill 119 retroactively cancels the provincial government's moral and legal financial commitment, not only to Carousel Players and the young people of Ontario but to the entire cultural and recreational community whose wellbeing is dependent upon its social, emotional and physical health.

Therefore, on behalf of Carousel Players and on behalf of individuals who have dedicated their lives to giving Ontarians a cultural identity and meaningful and healthy recreational outlets, I urge this committee to amend Bill 119 in accordance with the aforementioned proposals and recommendations. Acceptance by the Legislature, through amendments to Bill 119 by your committee, will demonstrate that it honours the moral and legal obligation of the Ontario Lottery Corporation Act and will restore public confidence in our political process. Denial of these proposed amendments will serve to signal a breakdown of this government's prudent leadership ability, its vision for Ontario's future and its service to society.

I urge the Ontario government to accept its role in contributing to the sustained health of its communities. Support of culture, recreation, sports, and fitness is an essential part of a community health care system.

Mrs Marland: First of all, Eva, I want to say that this is an excellent brief and it is very succinct, which makes it very easy to follow your points.

It is quite revealing to me personally; I do not know about the other members of the committee. I had no idea that the arts sector or cultural industry ranks fourth in employment—I had not seen those figures before—or sixth in wage expenditures and ninth in revenues, compared to Canada's 20 largest manufacturing industries. That is a very significant point.

We had a group before us this morning, in fact the first group, called Theatre on the Move. Anne Hines is a young, very enthusiastic gal who told us in a very personal way what live theatre means to young people in the schools today, how important the access to that live theatre is in those young lives and how often it can be such a real vehicle to their understanding something which otherwise they may not even be interested in.

In the programs that Carousel Players is involved with through the school boards, do you find that because we are such an audio-visual society now—where our children, from the time they can sit up, are in front of television sets and so forth, unfortunately—it is a way to educate on any subject and that through this live theatre accessibility for school-age children you are actually meeting them on their medium more today than we would have done even 20 or 30 years ago?

1610

Ms Salter: I feel that it is absolutely key. I had attended university and finished teachers' college. I was an elementary schoolteacher

and had developed a very large drama component within my day-to-day teaching in the classroom environment and I came upon Carousel Players. My first contact with them was in the gymnasium when they were giving a performance.

Carousel Players's style of theatre is to totally involve the children. They are involved physically, they are involved vocally, and by so doing they are involved intellectually, they are involved emotionally and socially. The children actually take part in developing the story.

By 1978, I had left teaching and I find myself still with Carousel Players today. It has a tremendous potential for opening the minds of children at any age.

Quite so, the amount of media, television, that is available to children makes the audience very passive. With live theatre that is not so. You become very involved. I think we have all had those types of experiences. Theatre, the arts for children, not only stimulates their souls but it truly brings into play all the thinking processes, analysing, conceptualizing, interpreting. Drama in the classroom is being used more and more.

Mrs Marland: In speaking to Bill 119, recognizing that your program, the Carousel Players's program, will be typical of the groups that will be sitting around the cabinet table at the cabinet sweepstakes for funding versus the other health care funding, which as a result of Bill 119 will be more evident than ever, when you talk in your brief about the sustained health of communities, can you see that once these young people get out of school and into the community and business world, perhaps their own personal approach to healthy thinking, even if they have learned something about drugs through dramatization in school—there can be a very real reason for funding your kind of group or any other performing group in terms of preventive medicine?

Ms Salter: I think most definitely there is a correlation. Certainly, children today are being exposed to the arts much more so than I was. I do not remember seeing a production that was arranged by the school, I went because of my parents, but children now have access to that. These children, as they grow up, will have a greater sensitivity to the arts. They will be our future audiences. They will also represent our future donors. They will have that sensitivity, certainly in terms of providing opportunities for involvement as adults. Children who are exposed to the arts often see a whole new area that they had never considered in terms of a career opportunity. I am not suggesting for a moment that happens in the greatest percentage of cases, but it opens that awareness level.

Of course, to go back to Greek philosophy, to have a healthy society, it is a healthy mind, it is a healthy body. Everything works together. You cannot isolate one from the other in the hope that they will progress as they should.

Mr Reycraft: I want to focus on Bill 119. Bill 119 will require the government to use some of the lottery profits for culture and recreation and it will allow the government to use some of them for hospitals. In essence, that is what governments, both majority and minority, both Conservative and Liberal, have been doing for the past 14 years since the Ontario Lottery Corporation Act was passed.

How do you see that threatening the cultural industry in this province? How do you see Bill 119 threatening the cultural industry in this province when it does not represent a dramatic departure from past practice? In your brief, you give credit to governments for their contribution to the growth and



development of, to use your words, "a vibrant and vital cultural industry"? How does Bill 119 threaten that vital and vibrant cultural industry?

Ms Salter: Because we feel that no longer are those funds specifically designated to culture, recreation, sports and fitness; that although the intent may be there very clearly to always continue funding those four areas or providing designation of funds on an annual basis, it does not provide security.

I do not know if this committee is aware of the impact, for example, that the lack of sufficient government appropriations to the Canada Council is having right across the country. I can tell you from our position that our grants have been straight-lined, completely straight-lined, for five years. We are lucky. We are very fortunate. There are others who have been cut back. We are looking for assurances. We have come this far. We want to have it stated that the \$400 million is available for the purpose for which it was originally established, that those profits have accrued to culture, recreation, sports and fitness. We would like you all to be specific. We are specific in what we provide to the community.

Mr Reyecraft: I guess what I have difficulty understanding is why you believe you need that when governments in the past have responded to the need in what I interpret from the brief to be a reasonable manner.

Ms Salter: But there has been an erosion of that as well, because as the decades go by, new needs suddenly come to the forefront, needs that are perceived politically as perhaps requiring greater attention than those that are in place.

Mr Reyecraft: But in a democratic society, is it not a government's responsibility to recognize those needs and to respond to them in the way that it deems appropriate?

Ms Salter: Absolutely, but not at the expense of some other area. I think there is a responsibility in total as opposed to segmented as the cries become louder.

Mr Reyecraft: I do not think there is any suggestion that permitting the use of lottery profits for hospitals, as it is proposed by Bill 119, is going to be to the detriment of culture and recreation programs or groups in this province. Indeed, that is not the case. The Treasurer has made that clear in his speeches in the Legislature.

Are you familiar with the distinction between provincial lottery games, the Ontario lottery games and the interprovincial games?

Ms Salter: I do not think I could give you a grand dissertation on the distinctions of the two, but yes, I am familiar.

Mr Reyecraft: It was assumed, until three years ago, that section 9 of the Ontario Lottery Corporation Act, only applied to the Ontario games, and essentially those are Wintario, Lottario and the instant games. It was assumed that it did not apply to the profits from the interprovincial games, games like Lotto 6/49. For that reason, governments have used profits from the interprovincial games for health-related research, for the Ontario Trillium Foundation and for other purposes.

The recommendation of the alliance deals with the unallocated surplus of

the Ontario games, on the one hand, and it does not stake out any claim to the unallocated surplus for the interprovincial games, which is much larger. On the other hand, the second part of the alliance's recommendation deals with the profits from both kinds of games, from all six games.

I am having trouble understanding that inconsistency. It seems to me if the alliance believes that it has a legitimate right to all or part of all six games, then it should apply to both sections. If they believe that they have a legitimate right only to the profits from the three provincial games, then the second part of their recommendation should only relate to those. Can you help me with that dilemma?

1620

Ms Salter: Did you put this question to the alliance people when they gave their presentation on 11 September?

Mr Reycraft: Not exactly in that way. I do not believe that I did. Our time was limited in the questioning of them as it is for all groups. However, I do not recall exactly.

Ms Salter: Certainly, in terms of Carousel Players supporting the recommendations put forward by the alliance, it is that we wish to be unanimous with an organization so that we are all stating the same things. I cannot give the clarification that you are looking for in terms of the position of the alliance as to specifically why.

I know, from my point of view, as the administrator of this company, as an individual who is very, very involved in community arts within the Niagara region, that I would like to see guarantees for this industry, which is a vibrant industry that gives so much to this province and has the potential of truly doing much more as we approach the year 2000.

Mr Reycraft: Thank you.

Mr Faubert: I can see why Carousel Players are so successful. Congratulations on a good brief. Mr Reycraft actually asked the question, and I guess I will get the same answer. Ms Salter answered it—

The Chairman: Do not feel you have to ask it again.

Mr Faubert: No, I will pass at the moment. Ms Salter answered it when she answered the first question.

The Chairman: This will give Mr Callahan another minute or two that he otherwise would not have had.

Mr Callahan: I did not realize that there was some time, but I think you raised a very significant point in terms of things taking place within the cultural community that are not anticipated at the moment and perhaps are not being responded to by government. I think that was your comment. Am I correct?

Ms Salter: Yes, continue.

Mr Callahan: I think you can appreciate as well that, within the framework of our entire society, there are events of which many of us never anticipated such as illnesses that we had not heard of before— AIDS, which is going to cost, not just this province but this country and perhaps this world,



a significant amount of money on research, treatment and so on.

I suppose none of us could have anticipated that. There will clearly be other events that will take place that will require some degree of urgency on the part of the expenditure of public moneys. I do not know whether you had asked for the third, as many of the groups have.

Mr Sola: At least the third.

Mr Callahan: At least the third. There is an intrinsic danger in that from the standpoint of what I have just said, that governments may be put in a position where because of something unexpected happening such as that or something that required attention, there might have to be for a temporary period of time some reduction in the amount of money available for various other activities.

On the other side of the coin, if you ask for a third or you have a fixed limit on the amount of money you are going to get, do you not also see the possibility of that unforeseen possibility down the line that lottery profits may dissipate? A government of the day could say to you and other groups: "You asked for a third or a half or whatever and you are stuck with it. That is all you get." I mean it is a double-edged sword. You obviously have to take the bad with the good.

Ms Salter: When you say "dissipate," what do you mean?

Mr Callahan: Let's say because of numerous other lotteries coming to the fore which are not government lotteries. Let's say bingo. Bingos are big things these days in my riding, and they could have more attractive arrangements than somebody buying lotteries. If the moneys went down, if they dropped as opposed to going up, and you had got this commitment from the government of the day and this bill to a third or 50 per cent, do you not see a danger in the government of that day being able to say: "Sorry. You opted for 50 per cent in good times. You have to take the bad times as well, and that is all you are going to get"?

Ms Salter: I think that is fair. By the same token, when you speak about lotteries dissipating, I feel that they are certainly well entrenched within this province, within this country, and that while the lotteries are being promoted the tickets will sell. What kind of people play bingo? In our community, the people who can least afford it play bingo. It puts them in touch with an activity in life. It gives them pleasure. I have never done an analysis to know what type of people buy lottery tickets. I do not buy a lottery ticket -

Mr Callahan: I am just saying accept the premise that something might happen which would result in the so-called windfall profits that are there now being reduced significantly. Would you and other groups not feel some concern if the government responded to it and said, "Okay, we will give you a third of the lotteries or we will give you 50 per cent of the lotteries," and then it is dissipated?

Would you not feel that would put cultural groups and sports groups in difficulty in coming to the government of the day? That could be 10 years from now or whatever because legislation is there, and they can say to you: "Well, I'm sorry. You wanted 50 per cent or you wanted a third. You got it. That's all you're going to get." I just throw that out as to whether that concerns you and other groups. I have asked other groups that same question.

Ms Salter: I think it is a concern, but I know within this particular business that I operate I am always looking long-term, looking at alternative avenues and possibilities. Certainly the development of the private sector is something I am sure all your members here have noted. There has certainly been a growth in the amount of philanthropic dollars that have been going into the arts in the last 10 years.

So yes, it is a concern, to answer your question directly, but it is also our responsibility to be looking not only at tomorrow but at the future and developing with our colleagues alternative possibilities which can exist. It is a partnership that we work in. We need government. We need the private sector. We need our own business acumen and the arts must have it as does any other business in order to make the right decisions, short-term, mid-term, long-term, to go into the next decade.

Mr Callahan: I will just ask, finally, since 1985 how successful has your group been in terms of securing funds for lotteries?

Ms Salter: The figures that I have offered you span from 1976. All of the programs that we have applied for we have received funding for; 1985 and 1986 would include almost \$20,000 for internship programs. We had a small contribution towards our second van, our sound system, our computer system. I would say that approximately 65 per cent of the total I gave you represents—

Mr Callahan: So you have been pretty successful since 1985, I gather.

Ms Salter: We have been very successful since 1982. The major growth took place in 1984--85. There was an entire restructuring of the company as well. We looked at everything that we were doing. It becomes more difficult for us to maintain, for example, our philosophy of accessibility, to maintain very affordable ticket prices.

We are faced with exactly the same costs as a company such as the Shaw Festival, Stratford, any of your Toronto companies. When we buy a litre of gasoline, when we purchase a vehicle, we face exactly the same costs. Yet to give you an example, our children last year, if they had to pay, if it was not paid by the school or the school board, would have paid \$1.51, and \$3.61 was the subsidization from government and from the private sector. That is important to us.

1630

Mr Cureatz: Can I have one final question?

The Chairman: Yes, you may.

Mr Cureatz: I do not have the act in front of me and I never brought this up last week, but I am just wondering, would it matter to you under the terms of the designation to hospitals, as you indicated on your last number two page position, whether a portion of that goes to operating costs or capital costs of hospitals? I am losing my voice in this cold room.

Ms Salter: Would it matter to me in terms of the designation to hospitals?

Mr Cureatz: Yes.



Ms Salter: To me personally, no, it does not.

Mr Cureatz: Okay. To Mr Reyecraft, has that ever been brought up? Is there any intention on the council's part in regard to "the money appropriated by the Legislature for the operation of hospitals in the fiscal year"? Is that for operating or for capital costs?

Mr Reyecraft: No, the bill refers to the operating costs of hospitals, the amount of which is estimated to be \$6 billion per year.

Mr Farnan: Mr Chairman, I have a point of information based on Mr Reyecraft's question.

The Chairman: Yes, but we are going overtime now, gentlemen, so make it brief.

Mr Farnan: My understanding from the groups, and maybe this could be checked, from the alliance and from various delegations that appeared before the committee, is that the distinction that they made in terms of all of the accumulated funds being put into a trust for culture and recreation was on the basis that the previous act was in the form of a contract that lottery funds would go to that specific purpose. For the government to change the law retroactively and to use that fund for a purpose other than for what it was intended would certainly not be agreeable.

If the purpose was lotteries, then the accumulated funds which have grown over the years should be used for culture, recreation and the arts, but, for the future, the group is saying one third of the lottery funds in Ontario would be used for recreation and culture. In my view, that was stated very clearly by both the alliance and other groups. I cannot see how at this stage Mr Reyecraft is under some kind of misapprehension as to where the alliance stands on this. I think it has been made very clear.

The Chairman: I do not think we have to react to that.

Mr Farnan: I would like to know.

Mr Reyecraft: I am not confused about where the alliance stands. I was looking for a rational explanation of why they view the profits from the interprovincial games one way in terms of the unallocated surplus and another way in terms of the annual profits.

Mr Farnan: I think what they are doing is they are being realistic probably and saying, "Okay, we can hopefully get one third of the in-Ontario lottery funds to be designated for culture and the arts and sports and recreation," but the funds that have accumulated in the past, and I think we are talking about \$2 billion at this stage—it was \$1.6 billion as of March 1989.

Mr Reyecraft: It was \$1.3 billion as of March 1989. It is estimated to be \$1.6 billion by the end of this fiscal year.

The Chairman: Gentlemen, I think we are getting Eva caught in a crossfire here that she does not really enjoy that much.

Mr Reyecraft: I think she can handle it.

Ms Salter: I have a copy here of the proposal that was put forward

by the alliance addressing that very point. They speak about this as being an opinion offered by the Attorney General's office and say it is a legal question that is still being dealt with. I believe this is exactly the same document. I am certainly curious and I will definitely look into this much

Mr. Reycraft: Maybe that is why I did not ask the question of them.

The Chairman: I would like to thank you very much. Your company is well known, Eva, and you have represented them very well.

Ms. Salter: Thank you very much. Thank you for allowing me this opportunity.

The Chairman: Our final presentation this afternoon is on behalf of the Mariposa Folk Foundation. John Sladek, the second vice-president, and M. J. Kelly, the executive director, will make the presentation.

Ms. Kelly: Good afternoon. I am sure you are glad that it is 4:30 pm and there is only one left.

The Chairman: It has been a good day so far.

Ms. Kelly: Good. From whose perspective?

The Chairman: Ours.

Ms. Kelly: We had actually requested an overhead projector, but unfortunately that did not get translated until today as that need. I was out of town on Friday and the person in the office did not—so you will have to visualize this.

The Chairman: Would you like to have a chair and as long as you speak into the microphone?

Ms. Kelly: But I am so short, you know. Really, I am sitting.

The Chairman: Some of the people around the room are, too.

#### MARIPOSA FOLK FOUNDATION

Ms. Kelly: On behalf of the board of directors, the volunteers and members of Mariposa, I would like to thank you for allowing this presentation. This is John Sladek, our second vice-president of our volunteer board, and I am M. J. Kelly, the new executive director.

You have a package in front of you, the folder of which is last year's poster made by our community service students who come in and do time at Mariposa. It consists of the presentation we will go into, this year's program book, a copy of our Mariposa Notes, some of our demographics, and our most recent event, which was last weekend, Mariposa in the Park.

Mariposa is entering its 30th year. We have just successfully completed our 29th festival at Molson Park in Barrie. We are a registered nonprofit charity. Our mandate very quickly and in a nutshell is to promote folk music art in Canada. This is presented in the presentation in longer and more lengthy detail if you would like to read that later.

We are a membership-based group with a volunteer board of directors. The



board of directors consists of 12; our membership consists of 950 voters, and our annual general meeting is coming up at the end of October. This is a significant increase compared to a few years ago. We have a small staff consisting right now of two full-time staff, two handicapped people who were granted salaries through the employment team of the social services department, and a part-time student bookkeeper.

Then, of course, we rely almost exclusively on our volunteer base which is up to about 700, which is very unusual because it really causes our work hours to go from 9 in the morning, and all our meetings and activities take place in the evenings, so we are often not done until 10 or 11 at night. It is very active.

What I would like to talk to you about, besides the mandate and the outline of the organization, is what we do in terms of programming and why we are significant. Personally, I just left a professional arts corporation here in Toronto after being there for four years, and having taught in different education systems as an arts specialist. I chose Mariposa because I truly believe in its mandate, that it is viable and that it is a Canadian institution that needs careful and deliberate attention.

1640

Can I ask if all of you have heard of Mariposa Folk Festival? Please do not say no, because I will burst into tears. This year at Barrie park we attracted our largest audience ever, about 25,000 people, which is 9,000 more than last year and certainly double what it was the year before. As I had said earlier, last weekend we had a Mariposa Festival in the Park which is a free festival we host in a park in Toronto to bring it back into our city. We are forced to go out of town, because we do not have a facility that can actually have a folk festival of the style and calibre we would like it to be. There is a lot of controversy about us having it at Molson Park. We are not particularly happy with that arrangement, but we are very happy to receive the money that Molson will contribute to that event.

Another event we have monthly is our Rainbow Sundays, which is a children and family program, and we have just moved that down to Harbourfront in their Kaleidoscope children's program. This is a free event as well, and it features local musicians and activities for families.

We also have a very ambitious concert series and it is gaining a lot of momentum. We like to marry a local artist with a headliner who is Canadian or international who happens to be coming through Toronto and has a soft spot in his or her heart for a grass-roots organization that has been around for 30 years. Therefore, we have a concert series. Most recently we did the Tannahill Weavers, a Scottish group, and we have done others such as Taj Mahal. John, should we list these?

Mr Sladek: It is in appendix B.

Ms Kelly: Thanks, John. Another thing we have every week is a folk club. We combined with the Celtic Music Society, which became the Flying Cloud Folk Club, and that is currently held in the Tranzac Club—I hope I am painting a picture of this lack of dedicated space, because that is one of our points. This is a weekly event. It is not the hootenanny it was 30 years ago when Mariposa began, but it is a very quiet and relaxing social event where local musicians are staged.

We also produce a bimonthly newsletter, of which we have included a copy, that goes to all our members and is distributed to other people on mailing lists and through different outlets of those who are particularly interested in folk music. We are also going through a transition of elevating our profile, not necessarily of the folk connotation that was developed 30 years ago but perhaps to what is considered roots music. What exactly is roots music? I am sure that term will be defined over the next few years.

We also have a series on Rogers cable 10 which televises performers from past festivals, our most current festivals and most of our concerts. So that is what we are doing. We are also, through Tranzac, doing a Celtic series every month alternating Scottish and Irish music. There is a whole list of what we would really like to do if in fact we had the funding to do so. On that note I am going to hand it over to John.

Mr Sladek: What I would like to do is just give you a brief overview of some of our more recent granting activity and how these grants have helped Mariposa a lot. I guess the first grants to look at is our operating grants from the Ontario Arts Council as funded by the Ministry of Citizenship and Culture.

You will notice that our granting has significantly gone up from 1983, when it was around \$5,000, to its current level of about \$20,000 in 1988. This is of great help to us in planning our year-round programming, because it is sort of a guaranteed amount of money and with guaranteed income there is not as much insecurity about what is going to be going on next year in terms of revenues.

In addition, we got a membership development project grant which is funded directly through Wintario, and this was used for a membership development project. The nice thing about this grant was that it provided us with resources to put on a membership development project, and then having a project we could go to the federal government and apply for unemployment insurance training grants that were not available under provincial funding. I think the growth in our festival attendance and the growth in our membership is in large part attributable to the work that was done on this grant.

In addition, we have had several staff training grants, which allowed us to send our executive directors and business managers to the Banff School of the Arts for additional arts management training, both in 1986 and again in 1989.

Again, we have had two Wintario internships, in 1986 and 1987. The person who was trained in 1987 as production assistant we were able to retain as production manager. He is still on as our production manager, which has given us continuity in staff that has been lacking. Between 1982 and 1987, the size of our staff has gone from one unpaid full-time staff to as many as five staff members, depending on availability of funding; as a result, we have had a lack of continuity in the staff positions. It is especially important in a volunteer organization to have continuity in the staff, for the simple reason that the volunteer pool is largely transient and a large majority of the volunteers are only involved in the organization for a couple of years.

In 1986, Mariposa had an operating deficit of about \$173,000, largely as the result of declining revenue starting around 1977, but also as the result of disastrous weather conditions at two festivals. At this point, it was proposed that the organization be shut down, but fortunately we put together a contingency plan and were able to get a stabilization grant of \$65,000, which



helped us to eliminate the debt in the organization by about \$140,000 in one year. This was a key grant in helping the organization survive and I think is probably one of the more important grants we have ever gotten.

In addition, the investment in the arts fund has allowed us to create an endowment fund. This grant provides matching funds and, unfortunately, the term of the grant is only three years and will only provide matching funds up to \$40,000, which will only allow us to create an endowment of \$80,000, which does not generate significant interest to provide a large variety of funding, but at least it is a start.

In light of this fact, Mariposa still feels it is underfunded for several reasons. The first reason is that we still have a small staff. To us, a large stable staff base or a larger stable staff base would be quite important for the main reason that it provides some stability. I do not think that anybody getting involved in Mariposa from the staff point of view thinks of it as a career, because we just simply are not able to guarantee long terms of employment for employees.

In addition, we have some crucial staffing areas and areas we have not been able to address with a volunteer pool, that is, in the areas of fund-raising and in the area of communications officer. We currently have a communications officer trainee for a one-year period, but it is unlikely that we will be able to retain him after his term completes.

In addition, we have had to drop several of our programs due to lack of funding. The most significant example was Mariposa in the Schools, which split from Mariposa in 1982. Mariposa in the Schools itself was able to attract significant funding, but as a result of lack of support in other areas the organization developed a significant debt and the banks basically gobbled up all their funds and they were unable to pay performers.

We have a shortage of capital equipment. We have a shortage of storage space for festival equipment. In addition, we do not have a dedicated performance space, which other cultural groups, ie, the National Ballet of Canada or the Toronto Symphony Orchestra, have, which presents problems. First of all, public venues, such as Harbourfront, which would be logical choices, are prohibitively expensive. Licensed nightclubs, which we do use, make it difficult to do family performing. Also, the use of several different venues creates an identity problem.

1650

As a final statement, I would like to express Mariposa's concern with Bill 119. Our first concern is that we are not clear as to why there are unexpended portions of residual profit from the lottery corporation when Mariposa as a deserving organization is underfunded. I think the division of the profits of the lottery corporation will reduce the amounts of money available to agencies, such as the OAC, that fund Mariposa. I think the reason for this is that these agencies will be involved in competition with the Ministry of Health, and based on the size of the budget of the Ministry of Health, this will be overwhelming competition.

In addition, the health care industry has direct access to funding through taxation, which cultural and recreational activities do not have. Consequently, the cultural and recreational activities are highly vulnerable to arbitrary government allocations of lottery corporation profits.

For my final point, I would like to point out that when the government originally sold the lottery to the public, it was on the basis that the profits would be made available to support cultural and recreational activities. It is therefore surprising that diversions of the profits of the lottery corporation are being contemplated before the original cultural and recreational obligations have been met.

The Chairman: Thank you very much. Mr Fleet has the first comment or question.

Mr Fleet: I was very interested to hear your presentation and also to read through much of the written material you have provided.

I first wanted to ask you about the voting membership you refer to. You have some demographics about some of your supporters. Would the membership be composed of people mostly in Toronto or is it a broader base than that?

Ms Kelly: Certainly it is Toronto and Ontario, but we also have every province represented and several states and even some other countries. People who have left the area and have taken a job in other areas will maintain their membership as a symbol of support and their contribution to us is continuing.

Mr Fleet: Would your volunteer base be from Toronto or from Barrie now, or a bit of both or what?

Ms Kelly: It is both. About 80 per cent of them are from Toronto and then we have a contingent from outside of Toronto concentrated around Barrie and Orillia, Orillia being the birthplace of Mariposa 30 years ago. Then we have others from around Peterborough. We even have some come out from Philadelphia year after year to help with the festival. It is built into their yearly vacation plans.

Mr Fleet: The distinction of "folk" art activities has sometimes been made in funding areas. I know that another group based in the building you are in, the Community Folk Art Council of Metropolitan Toronto, has expressed some concerns about that kind of distinction they encounter, that they are not art with a capital A, so to speak, in certain funding programs. Has your organization encountered problems along those lines, particularly in the last few years?

Ms Kelly: Absolutely. We get lumped into categories in different funding bodies where we really do not belong, and could potentially get money from other areas but they do not have a specific area for us. If Aleida did a presentation, I am sure she said that as well.

Mr Fleet: I am talking actually from private conversations with Aleida Limbertie, who is the executive director. That was the reference, so Hansard knows what we are talking about.

Ms Kelly: It is a problem. It is a problem in our public profile as well. There is a negative connotation of somebody wearing a tie-dyed T-shirt playing an acoustic guitar: "Oh, no, not them. You mean they're still around after 30 years?" as opposed to people who use music, which is the most portable of the arts, as a cultural vehicle to express Canadian culture today. It is a contemporary thing. It expands. It is not just the music. It is the folk art and the politics and the socialization that goes with it. We do not necessarily have a lot of ethnic groups making lace for us at our festival,



but we certainly have demonstrators of different types of folk art and craft there. The genres keep expanding and expanding. What is the title of the awards that changed it to roots music this year?

Mr Sladek: The Juno awards? It was traditional—

Ms Kelly: The Juno awards changed the category. They introduced a new category called roots-traditional, because if you are writing a song and are trying to express your experiences sitting on this committee listening to arts organizations plead and pour out their hearts, and want to make a statement with it, where would we put that? What category would it be in? They put it into roots-traditional.

We have a problem in the public eye as well as in the government categories of where exactly we are placed, because in fact we are not high culture, if you still want to use that term; we do not have a lot of people paying \$2,000 a year to buy a subscription series to our concerts. We are the everyday person and we are getting very loud support from our members, as indicated by our membership and volunteer base. Does that answer your question?

Mr Fleet: Yes, it does. By way of comment—it is not really a question—I certainly am personally supportive of the kind of social advancement, as well as cultural advancement, that sometimes can attach to organizations like Mariposa and the folk art council of Metropolitan Toronto, because I guess I do not really see the distinction between the two groups, the traditional one. I would hope, in terms of programming, that there be no artificial restrictions on your organization in terms of eligibility based on that kind of, in my view, outdated categorization. I wish your organization all of the best. Again, I appreciated very much and enjoyed your presentation and the other materials that are here.

Mr Laughren: Just a comment, as someone who attended the Orillia—

Ms Kelly: Very good.

Mrs Marland: In 1961?

Mr Laughren: No, it was a little later than 1961, but it was a long time ago. Now in Sudbury we have the aurora borealis—the Northern Lights Festival Boréal—and we are trying to do some exciting things there. It is always a struggle. I particularly appreciated a couple of things. I have to meet this guy Attila the Stockbroker. Some day I am going to meet this man. Something tells me that he and I would agree on—anyway, that is another story.

I did want to commend you for your part 4—

Interjections.

Mr Laughren: I singled out Larry Grossman when I said that.

Interjections.

Mr Laughren: Ignore the interjections from the government group. They are a little edgy these days.

Ms Kelly: But they are right. No, I joke, too.

Mr Laughren: They are not right in what they are doing with this

bill. The five points you summarize here I think summarize concerns with Bill 119 as well as anybody has summarized them. It really puts it down nicely, and particularly the one that has not been said often enough is D. You say: "The health care industry has direct access to funding through taxation. Cultural and recreational activities do not have this funding base and consequently are highly vulnerable to arbitrary government allocation of lottery corporation profits."

I think that says it extremely well. I commend you for your presentation and wish you well as time goes on. I really hope you hang in there.

Ms Kelly: Thank you for that. I just wanted to comment about the fact that Mariposa, because it is Canada's oldest and largest folk foundation, has been the impulse for several other groups such as the Ontario Council of Folk Festivals. There was a brief period where there was a Canadian council, but that sort of failed—we are going to try to get that going again—and then also Festivals Ontario. We are looked to as a leader, and we have to stay above it. We are having a hard time doing it, but we have done it for 30 years and we will certainly continue to do that.

Mr Reyecraft: I wanted to comment on the section that Mr Laughren just read as well, because while it is well worded, there is a suggestion in there that is not entirely accurate and I want to clear the record.

Not all of the funds for culture and recreation programs come from lottery grants. The amount that does this year, I believe, is expected to be between \$100 and \$110 million. But the total allocation to culture and recreation programs this year is in excess of \$400 million; \$418 million, I believe.

I want to indicate that in information I have received from Treasury officials and have put before this committee on a number of occasions, indeed, culture and recreation programs do have a funding base in general taxation. Lottery profits only provide part of the support that is appropriated or allocated to the ministries of Culture and Communications, Tourism and Recreation, and Citizenship each year. Those three ministries all provide various cultural and recreational programs.

Ms Kelly: I would really like those who need to look at the difference \$110 million would make to an arts organization as compared to a hospital project. That \$110 million is many, many jobs and many, many events and a huge step to defining what Canadian culture is in 1989 and in the near future. I am not an expert, nor do I dare start quoting the costs of medical equipment and projects, but it seems that it is very insignificant in comparison. John can speak to that better than I can. He works at St Michael's Hospital.

Mr Reyecraft: Does he want to?

Mr Sladek: I think I will avoid that if I possibly can. Again, \$110 million out of \$418 million is approximately a quarter of the total money that is allocated for these types of events. A 25 per cent change in our funding would certainly seem significant to us. If there is no guarantee of a certain level of funding, then things start getting on shaky ground.

I think that the proposal to allocate, say, a third of the profits is probably not particularly wise based on the possible diminution of lottery profits. The sort of formula I would like to see would be something like: take



the current level, annually increase it by the percentage of real economic growth in the province and then build in, say, another couple of per cent realizing that it is currently underfunded, and use that type of formula for doing calculations of how much should go to cultural agencies, as opposed to saying a straight third of profits.

The Chairman: I would like to thank you very much, John and M. J., for your presentation. We have enjoyed having you here as the last of 10 today. Are there any further comments or questions before we adjourn for today? We stand adjourned, then, until 10 o'clock tomorrow morning.

The committee adjourned at 1704.

CAZON  
XC16  
-G24

STANDING COMMITTEE ON GENERAL GOVERNMENT

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

TUESDAY 19 SEPTEMBER 1989

Morning Sitting

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)

Bryden, Marion (Beaches-Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park-Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Farnan, Michael (Cambridge NDP) for Ms Bryden

Laughren, Floyd (Nickel Belt NDP) for Mr Charlton

Marland, Margaret (Mississauga South PC) for Mr McLean

Pelissero, Harry E. (Lincoln L) for Mr Ruprecht

Clerk: Carrozza, Franco

Clerk pro tem: Mellor, Lynn

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Wilson, Jennifer, Research Officer, Legislative Research Service

Witnesses:

From Dance Ontario Association:

McGuigan, Lynn, Executive Director

Heppner, Maxine, Member, Board of Directors

From the City of York:

Fair, Ross, Deputy Commissioner, Department of Parks and Recreation

From the Writers' Union of Canada:

Dickens, Penny, Executive Director

Cook, Gregory M., Chairman

LEGISLATIVE ASSEMBLY OF ONTARIO  
STANDING COMMITTEE ON GENERAL GOVERNMENT

Tuesday 19 September 1989

The committee met at 1009 in room 151.

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989  
(continued)

Consideration of Bill 119, An Act to amend the Ontario Lottery Corporation Act.

The Chairman: The chair recognizes a quorum. We are hearing submissions on Bill 119, an Act to amend the Ontario Lottery Corporation Act. Mrs Marland sends her apologies. She is the representative of the third party. She is going to be a little bit delayed and has asked us to continue without her. I would like to do that.

Our first presentation this morning is from Dance Ontario Association. Lynn McGuigan is going to make that presentation. So if you would like to take a chair at the presenting table and carry on, I would appreciate it. I would appreciate your introducing your colleague.

DANCE ONTARIO ASSOCIATION

Ms McGuigan: Joining me today is Maxine Heppner, a member of our board of directors and an independent dancer and choreographer.

Dance Ontario is a service organization for the dance community in this province. Its mandate is to promote and encourage the development of dance in Ontario. Its membership encompasses dance professionals, dance companies, services, suppliers, schools, educators and students. The organization works with the professional, amateur, educational and recreational sectors of this discipline.

This broad mandate makes the proposed amendments to the Ontario Lottery Corporation Act, as outlined in Bill 119, of particular importance to Dance Ontario. If Bill 119 is passed, it will adversely affect the professional and recreational sectors we service directly and it will indirectly affect all of the other sectors that make up our membership.

To give you a sense of where dance is in this province today, Maxine Heppner is going to talk a little bit about the difficulties that the dance discipline and all of the people working in that discipline are experiencing.

Ms Heppner: As we see it, Bill 119 is a threat to our already fragile community. Dance holds a unique position in the cultural world, demanding both physical fitness and artistic excellence in order to exist. It also includes all artistic media within its productions: performers, musicians and visual artists.

Yet dance is a poor sister in an already poor arts family. Many of Ontario's 18 existing professional dance companies are on the brink of closure due to lack of financial resources. One, Northern Lights Dance Theatre, has already decided to close its doors at the end of this season after seven years



of struggling to survive. Another, Toronto Independent Dance Enterprise, is facing the same drastic alternative after 10 years of operation.

Freelance choreographers, who create the material that is performed, are being hired less frequently by the financially strapped companies and have few resources to fund their own productions. This puts an extreme strain on the creation of vital new work that is so essential for cultural health.

Adding to that, the physical spaces available for dance performances are also slowly dying. We know that the National Arts Centre is presently under siege financially. Small communities are hard-pressed to provide theatres for their numerous activities. In Toronto, Winchester Street Theatre is in desperate need of renovation. The Poor Alex is now being operated by a theatre conglomerate. Harbourfront's small spaces have phased out dance performances. In Peterborough, their ArtSpace is experiencing financial difficulties. The two larger spaces in the city, the Premiere Dance Theatre and Betty Oliphant Theatre are too expensive for most of our dance companies and independent choreographers. Warehouse spaces, previously used as studios, and small theatres are being developed by large business for offices and condominiums.

None of our dance companies, with the exception of the National Ballet of Canada, are able to hire dancers year-round. Instead, dancers work on contracts from two weeks to 39 weeks in duration. The rest of the year these dancers pay for professional training classes out of their own pockets to maintain the physical condition they need to perform.

Dance companies are short-staffed administratively and our independent community shares the resources of only one small administrative support organization, the Dance Umbrella of Ontario, which only just opened its doors less than a year ago.

Indeed, dance in Ontario is in a state of crisis. It has been starved for too many years. It is already operating on the minimum of funds possible, and with annual inflation these funds shrink in their buying power every year. The dance community of Ontario needs every penny it can find to survive. Bill 119 threatens this survival.

We were appalled to learn that there is an accumulated surplus in the lottery funds, a surplus that has been building for 12 long years. We needed that money each of those 12 years and we need it now. If that money had been released as it was received, our community might not have reached the crisis point we have now come to.

Moneys from the lottery funds have assisted the dance community in many ways. They have assisted companies to increase their marketing, planning and fund-raising. They have assisted companies in computerizing, which has allowed many of us with these strapped administrative situations to continue operations even though we are short-staffed. They have assisted in buying portable sound equipment, dance floors, portable dance barres and all the other things we need to help us keep our touring costs low. They have helped build some of our few existing performing and rehearsal spaces.

But they have not kept pace with our needs. The Ministry of Culture and Communications over the past three years has cut the maximum grants for many of its programs from \$10,000 to \$5,000. At that time, money from the designated lotteries was not being used for its legislated purpose.

The Ontario Lottery Corporation Act, as it was originally written, promised us a source of funds in perpetuity, funds that would be used to assist the dance community in these and other ways. Bill 119 breaks that promise. Why? Because funds are needed somewhere else? We could accept that argument if they were not needed by us, but we do need them desperately to survive. The dance community cannot withstand any further erosion of our funding base. We would wither, die away and starve to death in the meantime.

Why does that matter, you might ask yourself? It has become an accepted fact in the medical world that personal and public health involves both acute and preventive care, that personal and public health involves care of both the body and the spirit, and that participation in cultural, recreational, sports and fitness activities is the best way to develop preventive medicine. We all know that going to a show in the evening really helps to ease what you just went through in the afternoon, and taking your grandchild to a puppet show is one of the best things you could do for yourself and your relationship with your own family.

The larger companies, without these moneys, would probably manage to survive because they have a large corporate base in their funding, but they would not continue to perform with the same artistry. Without a vibrant dance community operating on all levels in the province, our large dance companies would never have reached their current world-class level of skill and expertise.

If you will let me use an analogy, which I have changed a little bit from what is written down on your piece of paper, we can only have cream if we have milk, and we can only have milk if we have cows, and we can only have cows if we feed and nurture them. We know that some cows are better milk producers than others, but we need a whole herd to produce enough milk to produce that highly prized cream.

Professional companies, independent innovators, grass-roots organizations, dance schools and community-based activities are all indispensable to this production. We need to support all levels of dance in this province if we are going to have any cream. Bill 119 threatens our ability to provide such support.

The Treasurer of Ontario (Mr R. F. Nixon) asks us in his letter to trust him and the government to ensure, "The amended legislation will allocate lottery funds to traditional recipients and the Trillium Foundation first, with residual lottery revenues in a given year made available to help fund the operation of hospitals."

Sorry, Mr Treasurer. With health care currently receiving 33 per cent already of tax revenues and the arts less than one per cent, we do not trust you and the government to put the arts first when it comes to lottery dollars. If this is the intent, then why do you not make it law by building it into Bill 119?

Ms McGuigan: Dance Ontario joins with many other organizations, from which I know you have heard over the past week and a half, to recommend two amendments to Bill 119.

First, we ask you to amend Bill 119 to allocate at least one third of all future lottery proceeds to the original beneficiaries of the Ontario Lottery Corporation Act: culture, recreation, sports and fitness. Fifty per



cent of this should be designated for culture and 50 per cent for recreation, sports and fitness.

Second, we ask you to amend Bill 119 to allocate the accumulated surplus of lottery revenues as a trust fund for these original beneficiaries. Again, 50 per cent should be used as an endowment for culture and 50 per cent as an endowment for recreation, sports and fitness.

We further recommend that the interest from the moneys allocated as a trust fund for culture be dispersed through the existing agency, the Ontario Arts Council. In the immediate future, this interest could be used to assist the Ontario Arts Council in implementing its five-year plan, which by the way does include increasing operating grants for dance companies.

The dance community of Ontario is dependent upon this committee for its very survival. Although the amount of money made available through the lottery act is not huge, it does make a difference to dance in Ontario. We cannot survive without it.

1020

Mr Callahan: Thank you very much for your presentation. I would like to just go through something with you because I think it appears to be a misunderstanding by a number of the groups that have come before us. I want to read to you what the present law says, even if Bill 119 gets passed or does not get passed. The real crux of the bill is section 9. It says:

"The net profits of the corporation after provision for prizes and the payment of expenses of operations shall be paid into the consolidated revenue fund"—that is the government's pot; that is where all the money goes—"at such times and in such manner as the Lieutenant Governor in Council"—that is, cabinet—"may direct,"—here are the supposedly active words—"to be available for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities therefor."

In essence of what it meant was that they put all the money into the consolidated revenue fund—this was the former Conservative government—and it was "to be available." It is like anything else: "to be available" does not mean anything; it does not commit any money to you. Quite obviously from the megasurplus there was, there were large amounts not being "available" except at times when it was just before an election. They might put a roof on every arena in Ontario whether it needed it or not.

I want to take the next step and take you through the history of it. Forget about the Ontario Trillium Foundation, because that has absolutely nothing to do with basically anything that is going on here. It is just regularizing an agreement that took place to get charitable lotteries out of the field. If we take subsection 9(a), it says basically the same thing with one difference. It says that the council "may direct, to be available for appropriation by the Legislature, (a) for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities therefor," and the Ontario Trillium foundation. Then, the final closing phrase is that if there is anything left over, if there is any surplus, it goes to hospitals.

What the government is doing with this bill is that it is putting it up front. They are telling you where the money is going. In the existing bill at the moment that was passed by the previous Conservative government, they just

said "to be available." It became a great slush pot to be allocated at the largess of the government.

If you look at the history of funding, and I do not know how many applications you have made since 1985, we have been told that the allocations have been increased somewhere in the neighbourhood of 9.6 per cent per year, which is well above inflation. We have been told that \$47 million was the increase in terms of cultural allocations, whereas profits from the lottery have only increased by \$15 million. I just wanted to say that because I get the feeling from your group and other groups that they believe there was some sort of magic commitment by the previous government. There was not.

Interjection: At least not in the legislation.

Mr Callahan: At least not in the legislation. What we are trying to do is to say: "We want it up front. We want you to know where the money is going. We want you to know where any surplus is going to go." I think if you make any value judgements, I guess all we can do is rely upon track records. I would say with some degree of humility that our government has had a good track record since 1985. They have allocated significant amounts of money to culture, arts, sports and so on and will continue to do so.

I do not think your group has asked for a specific allocation. Many of the groups have asked for a third. Some of them will be asking for 50 per cent. The danger in that, as I see it, is that you should try to get legislation that is going to be in place that cannot be used by any government in the future to subvert the fair, honest and required needs of culture, recreation and sports.

Let's say you locked yourself in at a third and the lottery profits were to go down, which is possible; it could happen. You could have a great influx of lotteries into the system through various governments and municipal bodies and so on. Our government would probably be justified in saying to you, if you asked for more money for culture, recreation and sports: "Sorry. You made a choice. You took a third of the lottery profits, so that's all you get."

Ms McGuigan: First of all, we asked for a minimum of a third in our presentation.

Mr Callahan: Well, minimum of a third. Let's say it is 50 per cent. You are still locked in.

Ms McGuigan: Quite frankly, I strongly believe that, as you have pointed out, the previous legislation was too loose and we do not want to be caught in that position again, because if there is not some protective basement level of funding for the arts, we are very much afraid we may be down to that one per cent, such as we are getting out of the tax dollars. I think that this fear has validity, given what happens with our tax dollars.

We want to make sure we are protected from that kind of arrangement. That is why we are requesting a specific figure of a minimum of one third of those dollars; that figure does come from the approximate value of what the three currently considered designated lotteries are bringing in, in comparison to what all the lotteries are bringing in in Ontario.

Mr Callahan: Finally, can you tell me what applications for support have been made by your group since 1985?



Ms McGuigan: Dance Ontario has received no funding from the Ministry of Culture and Communications directly.

Mr Callahan: Have you made any applications?

Ms McGuigan: No. We do not receive our funding from that source. We do not, quite frankly, fall into their categories of funding. This is not something that is going to help Dance Ontario receive additional moneys for its budget, which is currently \$20,000 a year; that is what we operate on as a service organization for a very large dance community, the largest one in Canada, in Ontario. We are not going to get anything directly out of having this bill amended. However, it will help our members considerably.

Mr Laughren: Thank you for two things: for your presentation and for not getting sucked in by that silver-tongued devil, Mr Callahan over there.

The fact is that for the first time, the cultural and recreational organizations will have to compete directly, as named in the bill, with hospitals. It is as simple as that. You can play games with the words in the old bill and the new bill, but I can tell you, for the first time this bill says that the lottery profits will be shared between culture, recreation, sports and fitness organizations and hospitals. That is what it says. If that does not strike fear in the hearts of the cultural and recreational organizations in this province, nothing will.

Ms Heppner: It does.

Mr Laughren: And I am telling you that you are justified, because try putting yourself up against a hospital in terms of people's priorities. It is a grotesque way of doing it, but that is what this bill says.

Ms McGuigan: In response to that, I also feel as a personal member of the Ontario community that it frightens me that our hospitals are going to be looking to lottery moneys to keep them at a reasonable level of operation. Quite frankly, I feel that kind of basic service should be coming out of the regular tax dollar.

Mr Laughren: When the bill was first introduced, when lotteries started up, the argument was made to everybody, and people like me, who were in the Legislature then in 1975, supported the bill, because the argument was that these lotteries are going to be spent on—I do not want to use the word "nonessential," because I think culture and recreation is essential in our community, but it said that matters such as education, health care, highways and so forth are going to be paid for out of the tax base; and lotteries, because they are such a volatile source of revenue, will go to sports, culture and recreation.

Nobody ever said that only lotteries would fund those organizations. Nobody ever said that and that is why I think the organizations that are coming before this committee are putting better words before the committee now than they were at the beginning. They are saying things like a minimum of one third, because every time an organization said a third, people like Mr Callahan would say, "Oh well then, if lottery revenues go way down, you might get less." Clearly that is not the pitch the organizations would be making if they thought that that was a possibility. That would be a ridiculous assumption to make.

1030

So I congratulate you on your presentation. I can tell you that I do not think a single organization that has come before this committee all last week or this week has not felt the same way as you do about this bill. It is a dangerous bill for the arts community in this province.

Mr Fleet: I appreciate very much your presentation. I guess the key element that is not prevalent at all in any of the deputations is a recognition that currently, in the sense that you compete with hospitals, the new bill does not make any difference. It does not change what is happening. The sense I have is that your organization and other organizations are looking for an element of security; knowing there is a commitment to a level of funding. I appreciate why that is said. I am not sure where you get your funding—you said it was \$20,000 a year—but I can appreciate that you want to know you are still going to get funding next year from whatever source it is and your constituent groups would feel the same way.

I think the reality is that the only way that is going to happen is if you have a government that is committed to providing funding from all sources. As you have heard, even from Mr Laughren, who inadvertently was helping me out, funding does come from other than the lotteries. The total funding is something in the order of \$418 million this year. It is up 48 per cent over when we were elected in 1985 as a government. I guess the sense I have from the groups is that they were sold a bill of goods 12 years ago. They were told there was a guarantee that was never in the legislation and the government of that time never exercised a guarantee. It did not put the money aside.

Mr Callahan: Except at election time.

Mr Fleet: Maybe it filled it out more at election time. So I have a lot of empathy for the point of view that your group has presented, and quite articulately, as well as others, but the reality is that if the government of the day wanted to cut you back to a dollar in funding, it could under the current legislation. The new legislation really regularizes a situation that was occurring and says, "We're going to treat you upfront. We're not hiding where we're providing the money from. Some of it's from lottery funds. Some of it's from other tax revenues."

I appreciate also that you are saying that dance in particular is in trouble. I think that is one of the useful elements of your presentation and other presentations, to bring us up to date on what is happening, individual program problems. I am surprised you say you do not qualify under the criteria for provincial funding, but—

Ms Heppner: Dance Ontario is a service organization. I work as a freelance choreographer producing my own shows and I also direct a small theatre company in Toronto, so I have made a good number of my own applications to as many possible funding organizations as I can in both of those capacities. Every single funding body has its own criteria for what kinds of moneys you can ask for.

One of the things that I know has strapped the organizations on whose behalf I have been applying in the past couple of years is that there is more and more need to have equipment. There is more and more need to computerize. There is more and more need to have that kind of high-quality hardware. The lottery funds were one of those bases where we could get that; we cannot get that from any other kind of organization, because the other organizations fund



other things. They fund production, they fund artistic development, they fund creative something, they fund remounts—everyone has his own little slot.

It is in that way that you suddenly get hit in the face: "Wow. How do we find that?" Those things are so important in keeping up to date and being able to keep working. It is almost the artistic stuff aside. You have to be able to keep your records happening, and if you cannot do them in an up-to-date way, then you are just going to have to fall behind.

Mr Fleet: But there are funds available for community groups for that function. I know, because in my riding—

Ms Heppner: But the amount of activity that has been developing over the years far surpasses the amount of funds that have been available, so it kind of goes like this, on a teeter-totter.

Ms McGuigan: Dance Ontario's position to date has been that we do not apply for some of the funds from the MCC, because it puts us in competition with our members and our members are in too desperate a strait for us to be in competition with them. That is partly because some of these dollars have not been there. If the dollars from the accumulated lottery funds had been used in the way that bill suggested they be used, whether or not it said, "They must be used every year this way," then perhaps Dance Ontario could have received some money to computerize. Perhaps its members could have. Perhaps the two companies that are closing this year would not have to be closing their doors, because they would have had support in other ways that augmented their operating budgets and that therefore helped them survive.

Mr Fleet: I am not so sure you are strictly in competition with other dance groups. My sense is that you might be eligible for the funding and that is something you would have to consider.

Ms McGuigan: I am saying this was a decision made by our board.

I also want to talk about what you have brought up in terms of the past history of the bill. Quite frankly, we are not looking backward any more. We want to look forward. What we are looking for from this committee is better protection than we had in the past. We want to see you make a commitment to us and show us again that your government does have a commitment to culture and to the arts in this province by making our position better, by making our rights in terms of the lottery dollars more entrenched than it was before. That is why we are asking you to amend this bill: (a) to give us a minimum of one third of those lottery dollars in the future, and to give it to us every year, not to keep a little pool somewhere as a slush fund for the government; and (b) to use those accumulated funds in a way that is going to help us move out of the crisis we currently find ourselves in.

The Chairman: Mr Cureatz, a final question or comment.

Mr Cureatz: I do want to make one point. It is funny that Mr Callahan does not seem concerned that arenas should have safe roofs all over the province, because that is what he was indicating, but of course we do not want to instigate, Mr Chairman—

Mr Callahan: There are only two or three—

Mr Cureatz: Do you have the statistical data to prove that? I doubt it very much.

But I want to say to the witnesses, just in conclusion, that the point which many of the groups have brought forward is the one-third aspect. The parliamentary assistant and other Liberal members have come forward with the argument that, generally speaking, although there has not been an increase of granting of funds from the lottery corporation to the parameters as suggested under the bill, there have been overall increases from other ministries.

I do not think this point has been made yet, and I want to strike it home to begin this morning: Whatever that percentage is, be it one third, one half or one quarter, there is an aspect that is coming through that the various groups feel that this has been theirs, and notwithstanding the other allocations that might come from other ministries, you want to ensure that at least you can always rely, no matter what the amount, that there will be something which various groups such as yours will be applied for because it has been designated as yours.

Ms McGuigan: Absolutely. We want no further erosion of the moneys available to us, from any source. This is one of the sources and that is why we are fighting for this source.

The Chairman: Thank you, Lynn and Maxine, for your presentation. When I introduced you, I omitted to indicate for the committee that Lynn McGuigan is the executive director of Dance Ontario, and Maxine Heppner is a director on the board of Dance Ontario. We are usually very formal about that kind of thing, because everything we are saying here is being recorded in two or three different areas and we like to have that kind of information on the record. Thank you very much for coming this morning.

The Chairman: Our second presentation this morning is on behalf of the city of York, the department of parks and recreation. Ross Fair, the deputy commissioner, will be making that presentation. Begin whenever you are ready, Mr Fair.

#### CITY OF YORK, DEPARTMENT OF PARKS AND RECREATION

Mr Fair: Good morning, Mr Chairman and members of the committee. It is certainly a pleasure to be here on behalf of the city of York to make this presentation today. If I am vaguely familiar to some members of the committee, I was before you a week ago Monday as part of the Parks and Recreation Federation of Ontario. If you are wondering if I am familiar, that is where you may have seen me.

1040

I am joined this morning by some friends from the city of York, the president, vice-president and members of one of our vibrant senior citizen centres. I will talk more about them later, but I would like to identify Enzo Ragno, the president of York-Fairbank Centre for Seniors; Rose Smith, the vice-president; Sandra Beesley, executive director, and other members of the centre. I will be talking about their case in a few minutes.

What I would like to do this morning is tell you a bit about the city of York and the special importance we place on culture and recreation and our particular need for required increased funding from the province with respect to funding for these sectors.

I would like to talk about the traditional partnership that has been in place in the past between the province, particularly the Ministry of Tourism



and Recreation, and our municipality, and how we feel some concern about how that partnership may be altered and threatened to some degree by this bill.

I will move from there to York's position with respect to Bill 119, and I hope I have an opportunity to address some of the points Mr Callahan and Mr Fleet made in the previous presentation, if that is in order; finally, attempt to come up with some summary and be available for questions, if that is acceptable.

The Chairman: That sounds good to me. You have half an hour. I have noted your starting time is 20 of the hour, so you can use any or all of that 30 minutes as you see fit, within reason.

Mr Fair: Without further ado, I will plunge on, then.

The city of York is the second smallest of the Metropolitan Toronto federation, with a population of 130,000 people. I am proud to say I both work and live there. We classify ourselves as a working-class and a multicultural community. Some demographic highlights point out some of the very specific challenges and some of the more vibrant things about our community that make us very special indeed. In terms of our population, 40 per cent of our taxpayers were not born in Canada, nor do they list English as their mother tongue; we are very much a multicultural community. We are represented in our population by higher than the national average number of senior citizens; over 13 per cent of our population is 55 years of age or over.

On the down side, we have some particular challenges. We have the lowest per capita income in Metro, yet we are saddled with the highest tax rate. We live in the highest density in all of Metro Toronto, and one in three of our students does not complete his high school education.

A recent study by the Metro community services and housing committee identified the lack of recreational opportunities for youth and for multicultural groups as top issues facing our municipality as we move into the 1990s.

A further burden on our local services is the fact that given our overall economic levels we do not have the discretionary income to participate in recreation experiences outside of our municipality, so we look to local resources, such as our municipal services and agencies, to provide and meet our recreation and leisure needs.

In reviewing the current infrastructure, we find we have some very major challenges ahead of us. We are a very old municipality. Our three indoor ice hockey arenas, none of which benefited from getting roofs under the previous Wintario grants, were built as outdoor arenas in the 1950s and had some roofs built over them in the early 1960s. Admittedly, with very able support from the capital conservation program on a yearly basis, we have been able to keep these facilities up and running and used to capacity. But they are very old and very single-purpose indeed, and are not able to address some of the multicultural needs we have, such as indoor soccer and a number of other kinds of indoor sports activities.

We have three outdoor pools that are in the same classification, all built in the late 1950s and early 1960s and nearing the end of their life cycle. In order for us to reconstruct those kind of pools, it is going to cost us a lot of money. It is going to be a significant challenge indeed for our city.

From a cultural perspective, our inventory includes four libraries and that is it. There is no community theatre. There is no commercial movie house in our municipality. The city council and the community are mobilizing to address that arts and cultural shortfall. A committee entitled Arts York has been struck in place and is looking at ways and means in which it can improve the quality of service in the cultural area. Again, it will be a significant financial challenge for our municipality to meet those kinds of requirements.

So our priorities basically narrow down to the provision of facilities that meet the varied and changing recreation, leisure and cultural needs of our community. We have a single-activity infrastructure at this point. We need to be able to make the transition into the provision of facilities that will provide us with a number of avenues and opportunities for our different multicultural groups, our seniors and our young people to come together around mutual interests and common bonds. To do that, we need the help of the province, very clearly, and we need it at an increased funding level than is currently in place.

As I said earlier in my presentation, the partnership between the province and the municipality has been a very good one. The various programs that are in place under the Ministry of Tourism and Recreation in particular have been very helpful to us in terms of maintaining ageing and old facilities and we hope that those programs will continue at the current or increased funding levels.

Other programs have enabled us and our local agencies to enhance our abilities through training the volunteer boards, the purchase of computers, etc. We have trained fitness leaders, conducted needs surveys in our community and so on. These have been very good partnerships and ones that we hope will continue irrespective of the eventual resolution of Bill 119.

We have a particular concern around the capital aspects of that partnership. What I would like to do is perhaps leave that until my conclusion and maybe that will be the springboard into our discussion around the funding levels that we currently see.

The city of York has made the first step to address these facility shortfalls. For the past two years we have been engaged in a very aggressive economic development campaign to try to bring industry and development to our municipality. We have no area to expand, like some of the outlying municipalities that are totally landlocked within the Metropolitan umbrella, but we are very confident and hopeful that through a fairly significant infill development of residential and commercial developments we can generate the tax revenue to support a higher level of service in our community and also to generate through levies and bonusing the kind of dollars to construct the facilities that we need to get in place to serve our community at a satisfactory level. That is what we have to offer to the partnership: the potential for increased dollars to match the provincial dollars to get this job done.

The city of York, via a resolution of council on 9 January 1989, joined 216 other Ontario municipalities, many other community agencies and the entire cultural sector in opposing Bill 119 and expressed its support for the position of the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario and the Parks and Recreation Federation of Ontario with respect to the commitment of a minimum of one third of the net revenues of all of the lotteries to be available for those sectors and, further, that the accumulated notional surplus not be given to hospitals because they feel that is a quick-fix solution.



In the Thursday 14 September issue of the Toronto Star, there is an article which talks about healthy lifestyles as the key to the cancer fight. It quotes the Canadian Cancer Society's public education co-ordinator as saying: "The most obvious way to resolve the problems at Princess Margaret is to do something about reducing the incidence of cancer. Buying more machines and hiring more people won't do it."

I dare say that is a comment we can spread to the entire crisis that we have in health. Ladies and gentlemen, healthy lifestyles are the key to reducing our escalating costs. Escalating costs that Kristan Shannon, a noted forecaster of trends in our society and a government adviser, talks about: a 10 per cent per annum increase in health care spending in this country in the foreseeable future in an era when our rate of economic growth is going to be three per cent or four per cent. We need to be able to take a more proactive stance in fighting that health care crisis. We need to encourage our people to adopt healthy lifestyles that keep them healthy.

You have probably heard from other groups about the ways in which stress is making our people ill. It is one of the leading causes of illness in our society and has been directly linked to heart disease, cancer, alcoholism, family breakdown and so on. Very clearly, activities that encourage people to be less stressed and to have more balance in their lives will lead to savings.

You have heard from other presenters about the ways in which fitness and a healthy lifestyle can reduce health care costs. Dr Roy Sheppard's study from the University of Toronto is ground-breaking research in that area.

So we hope that the accumulated surplus will be set up in a trust fund to be available to the culture, sport, recreation and fitness sectors to address these major issues that we have in society.

1050

We are very concerned. The reasons for our position, aside from our very firm belief that these sectors are part of the answer, is that we do not see a minimum guarantee in this bill. Mr Callahan and Mr Fleet talked about increased funds being available for the sectors. Yet when I look at my figures, I see a number of programs in the sport and recreation sector being flat-lined over a number of years---grants to sport governing bodies flat-lined, grants to the Ontario Sports Administrative Centre flat-lined, financial assistance to fitness and special sport activities flat-lined and the Best Ever Ontario program flat-lined. Funds available under the capital conservation program and new capital construction programs are flat-lined at \$29 million. There is \$19 million available for new capital construction for recreation and \$10 million available for capital conservation. It does not sound like an increase in support to the recreation sector. I would be interested to know where these increases are going.

In conclusion, the city of York believes that we have some major work to do in our community to reach the standard of living that other municipalities have. We believe that culture and recreation opportunities for our citizens are paramount and we are making moves in our area to generate the kind of resources that will enable us to be a partner with the province in addressing these particular concerns. We believe that culture and recreation at the larger level, the provincial level, have significant social impact in terms of the dollars we can save in other social spending programs that you have to deal with.

In terms of community impact, culture and recreation activities bring people of diverse backgrounds and diverse cultures together around common pursuits and issues. At this time, I would like to talk about my friends who are behind me. They have been in existence as a group since 1983 with the support of the Department of Parks and Recreation. They are a multicultural community—a very significant Italian-Canadian membership and a very significant Anglo-Canadian membership. There are also a number of other ethnic groups and they have come together under the common bonds of trying to remain healthy and active citizens, to enjoy their leisure. They have built a wonderful centre for themselves.

In 1988, the province of Ontario, through the new capital program, made a very significant and major capital donation to the construction of a new centre that we hope, for the next couple of years, will provide the members of this centre and other residents of the Dufferin-Eglinton area in the city of York with a very significant place to which they can come and gather around common interests and pursuits, have an enjoyable and healthy lifestyle, not be dependent on the health care system and not be dependent on drugs.

In the Parks and Recreation Federation of Ontario presentation, there was a case of an older woman who was saddled with arthritis and was very sedentary in her lifestyle, was very dependent on drugs and medication. She joined the centre, became involved in the general aerobics program, is drug-free, sees her doctor twice a year and is enjoying life. That is one simple and basic example. She could not be here today; she had her class. She decided that was more important to her than being here, so I guess we all have our priorities.

Mr Callahan: It would probably be healthier for all of us to be there.

Mr Fair: It could be.

I guess that is it. The city of York wants to be an active partner with the province in the provision of culture and recreation in our community. We are very concerned that the bill will open the door and put additional pressure on the government to put more and more of the lottery funds into areas other than culture and recreation.

Mr Callahan talked about the surplus going to hospitals. It is going to be a very difficult one to address. It does not say in the bill that there will be a guaranteed level available to culture and recreation. As he said, it is within the power of the government of the day to give one dollar to culture and recreation and put the remainder of the proceeds into hospitals.

The bill does not provide that kind of guarantee for this sector. That is why the city of York and the other 117 presenters you are going to be seeing over the next several weeks are here. We want to be sure that our sector is going to be protected, we want to be sure that you and other MPPs are aware of our very serious concern around the bill, particularly when we hear other issues like Cleantario surface as another lottery that is going to address the environment. We hear the new Minister of Housing and Minister of Municipal Affairs (Mr Sweeney) talking about municipalities spending too much money on culture and recreation when they should be spending money on housing. We wonder if that is sort of an entrée into lottery profits.

We get very concerned. I guess our sector would very much like to see some minimum guarantees in place under this bill. We hope that in the



government's wisdom—as I understand it, it has now classified this as a money bill—it would deem itself willing to entertain amendments and would give very serious consideration to the minimum one third and also to the trust fund.

Mr Farnan: I would like to comment on some of the remarks that you made and I certainly appreciate your presentation this morning. It was splendidly presented and very logical.

I am again happy to see that the groups are reinforcing the phrasing around a minimum of one third. That is important because, as my colleague has pointed out, the government has been arguing that if lottery profits decrease, that one third could be a negative factor.

I think what we are talking about is an ongoing guarantee. The committee must realize, all of us must realize, very clearly now that whatever our own personal views of this legislation, in the minds of the people it affects most significantly—the arts, culture, recreation, sports and fitness—in the eyes of all of these groups, they are saying to us that if we pass this legislation in its present state, it is indeed a breach of trust. That is very important.

The only way we can accommodate their concerns, in my view, is to take specifically what group after group has been saying to us, "Give us a guarantee," and build that into our legislation. I hope that we as a committee, having heard for over a week now group after group say the same thing, are going to listen.

Finally, I want to comment on your concept of a well society. This is something that you democrats have been promoting for many, many years. The last figures I am aware of indicated that the government was spending approximately one thousandth of each health care dollar in the area of health promotion or preventive health care—in other words, one tenth of one cent for every dollar goes into that area.

Really, we are setting up a false confrontation. If the government is saying we need the dollars for health care, surely the best place to put the money is in preventive health care. The most revealing remark I have heard this morning and perhaps throughout this committee was when Mr Callahan, in response to the delegation noting that one of the members was at a fitness class, said, "Maybe we would all be better off if we were at a fitness class."

Mr Callahan: I was speaking to you, Michael.

Mr Farnan: I think that is critical because as a society it is very important that we get a handle on preventive health care. A healthy body and a healthy mind make for a healthy society. The government would be well advised to listen to the groups that are coming forward: the arts and cultural groups, the sports, fitness and recreation groups and the thousands and thousands of volunteers who are committing themselves and saying to the government, "We want to be part of the solution to a healthy society, but we cannot be part of the solution unless the government supports us financially."

We have to build into the legislation the guarantee and, in order that there is no breach of trust, we have to look at the accumulated funds and ensure that a trust fund is set up and the interest on those funds put back into the sectors for which it was originally designed. Again, I thank you. I think you have reinforced the message we have been receiving all along and hopefully, as a committee, we can listen to the basic message that is coming through.

1100

Mrs Marland: Mr Fair, I enjoyed your presentation very much. It was an excellent little vignette on the city of York. I was not familiar with some of the statistics you gave, although we did have a caucus member, Yuri Shymko, who would have been in the city of York at one time in terms of his riding.

Mr Fleet: No.

Mrs Marland: Speaking as you do as deputy commissioner, is that deputy of commissioner of parks and recreation? Okay. When you talk about the fact there is no guaranteed level for anything in this bill—certainly there is no guaranteed level for the recreation and the cultural aspects that you were speaking of—the greater irony is the fact there is no guaranteed level for the hospitals either.

When you look at the bill and recognize the fact that the money for hospitals is not for capital costs of hospitals but for operating costs, how are hospitals going to be able to budget with that kind of risk available? Frankly, I do not know how the government can appropriate money for operating for hospitals based on lotteries. I think we are all in favour of having a lottery for hospitals, and in my own opinion capital costs, because then you can establish a firm commitment around which the hospital boards can plan. But from your perspective as a deputy commissioner of recreation and parks, your municipality cannot plan at all without a minimum commitment and some advance sums that it knows will still be there when it wants to finish the project later on.

I say that as a former city councillor in Mississauga for seven years. I know what this money means to a city in planning its facilities, but I really want to thank you for the points that you brought forward this morning. It is just common sense that we learn through education the importance of preventive medicine, and unless we have that opportunity for preventive medicine with facilities, we will need more operating and capital funds for hospitals.

The Chairman: In recognizing Mr Callahan, could I point out that Mr Fair was listening attentively while you talked to the former group so it might be better to carry on with new information rather than go over the information that is already on the record.

Mr Callahan: Thank you, Mr Chairman.

Mr Fleet: How delicately put, Mr Chairman.

Mr Callahan: Mr Fair, no one in this Legislature of whatever political stripe would ever deny that culture, sports, recreation and so on are an integral part of the fabric of Ontario. So, when you hear the opposition parties and the government speaking in terms of them supporting you one third and us trying to rationalize whether it should be that or not, no one is really saying anything negative against those programs. They are absolutely necessary.

I spent 16 years on the council of the city of Brampton and in all of that time I was involved in recreation, sports and so on. I have four boys who went through the system of sports. I have seen seniors there who have been helped significantly by these programs and I think the government understands that, too. In fact, as I look at this, I guess the reason we did bring it out in a new bill and bring it to committee, which was never done previously by



the previous government—I mean, they put a bill in there with the words "to be available" and never brought it out of the closet for anybody to ever question it.

But I think to myself that our government continually does this to be fair, and then finds itself before a committee where it gets highly political, as Mr Farnan talks about agreeing with your one third—

Mr Farnan: A minimum of one third.

Mr Callahan: —and yet his colleague in the House, the member for Beaches-Woodbine (Ms Bryden), said in a speech she made to the House that there should be no specific ranges put on any funding, so she is speaking differently than he is. I do not know; maybe they do not have a meeting of the minds on that issue. My good friend Margaret Marland speaks about supporting it too. Where was the support and why did they not bring it forward and let the people of this province see through—

Mr Cureatz: We never had the complaints.

Mr Callahan: Of course you did not have the complaints, because you hung on to the money. That is what you did.

Mrs Marland: Who established the lottery corporation?

Mr Callahan: Of course, what you have done is you have created the conundrum that these people do not trust any government any more. Quite frankly, I can understand why they are here. Let me ask you this question.

The Chairman: Are we going to allow Mr Fair to get in on this discussion?

Mr Callahan: He is smiling and I can tell he is agreeing with me, or at least—

Mr Fair: I am trying to sit right in the middle of the room.

Mr Callahan: Let me ask you this question: Mrs Marland says there would be no guarantees for hospitals. That is true—

Mrs Marland: That is one for me.

Mr Callahan: —but the guarantee for hospitals is what is left over after the appropriations for recreation, culture, sports and so on.

Mrs Marland: It does not say that.

Mr Callahan: It does say that. With the greatest respect, it says the surplus after appropriations have been made.

Let me ask you this, and I am sure no one would answer this question to the contrary: Let's say Ontario had a most unfortunate downswing in the next year or two. Let's say that because of free trade, the manufacturing firms moved out of Ontario and as a result of that jobs were lost and the province was in great, serious difficulty in terms of trying to come up with funds for hospitals, or let's say it something such as acquired immune deficiency syndrome, which no one ever considered before, the treatment of which, the cost of which came up out of the blue. I am sure no one in the

cultural field or no one in the recreation field, even if you got this third or this guarantee of 50 per cent—would they say, "I am sorry, but you cannot have that money back"? Surely they would not do that, would they?

Mr Fair: I guess what I am hearing again just reinforces our concern that the government sees that lotteries as a source of revenue that is going to help them deal with some of these very major social problems. I guess that is beyond the spirit of the original legislation, which causes us concern. I think the province has a number of revenue vehicles available to it. There is certainly a decision-making process in place with respect to the reviewing of capital grants and I would be the first to say I would not like to see the program used to fund frivolous applications. That would be a waste of money. We expect the government of the day to be responsible in that regard.

If you had those kinds of major calamities and issues and it came down to a difference between the society perishing or a cultural centre going up, and all other revenue sources have been exhausted by the province, then very clearly I do not think you are going to see any opposition from this sector to doing that.

Mr Callahan: I understand what you are saying and where you are coming from, but I would like to ask you this: In your city, the city of York, do you have any specific allocation where one group is guaranteed a specific percentage of something.

Mr Fair: Yes.

Mr Callahan: Where?

Mr Fair: All of our minor sports organizations are guaranteed a fixed percentage of their operating costs, based on the percentage of York residents who are enrolled in the league.

Mr Callahan: They are guaranteed, in other words, that a sports group—I am not talking about their revenues; I am talking about, is there any group in your city that is guaranteed access to a fixed amount of the funds raised by taxation every year in perpetuity, or is it not the case that you sit down at budget time just like you do with your family and you say: "We have these needs and we have these needs. These are very important needs, but if somehow things become necessary over here, we want the flexibility to be able to move funds around." I am sure that is the way it works in your municipality.

Mr Fair: By and large, that is the case. As a matter of fact, we do have one case. We have one band which as part of the old, historic town of Weston negotiated a percentage when it was amalgamated. That is a single example. Your point around what our local government does in terms of making decisions around its revenues is made. There are no guarantees, but there are also some very traditional and fixed kinds of levels of funding that people can plan around. We know, for instance, that on an annual basis about, 14 per cent of the city's budget is going to be available for parks and recreation services in our municipality.

1110

Mr Callahan: You are saying that the municipality does that, even, let's say, advancing towards an election year?



The Chairman: Mr Callahan, the time is up.

Mr Callahan: All right. Thanks.

The Chairman: Thank you very much, Mr Fair. We appreciate your coming before the committee again. Your presentation was very lucid and pertained to a little bit different area than some of the others have. It has been very beneficial.

Mr Fair: Thank you. I appreciate the time.

The Chairman: Our third presentation this morning is on behalf of the Writers' Union of Canada. Penny Dickens, the executive director of that group, and Gregory M. Cook, the chairman of that group, will be making the presentation.

#### WRITERS' UNION OF CANADA

Mrs Dickens: I brought some who's who in the writers' union along with me because I thought the members might be interested in who we are.

The Chairman: Do you have enough copies for everybody on the committee?

Mrs Dickens: I think so.

The Chairman: Good.

Mr Laughren: Does that mean you are flogging Margaret Atwood's book?

Mrs Dickens: I do not have to flog Margaret Atwood's book.

The Chairman: Feel free to begin when you are ready. The committee has instructed me to permit up to 30 minutes for a presentation. If there is time left, obviously they will have comments and questions to ask.

Mrs Dickens: I would like to read into the record a letter from Margaret Atwood because she had hoped to be here. It is to the members of the standing committee on general government:

"If it were not for the fact that I am busy selling tickets for the Writers in Prison gala and working on the upcoming PEN Congress, an event which will bring 550 distinguished foreign writers and foreign journalists to this city, I would be at this hearing.

"Considering the prestige and high profile that the literary community which resides in this province takes to other countries, I regard your decision to skimp on provincial funding to the arts a slap in the face.

"I hope you will reconsider and stop behaving like unscrupulous sales people who sold the public a bill of goods without showing the fine print."

We have real concerns about the amendments to the lotteries act. The simple reasons are twofold. One of them is the unspent reserve. A government comes to us and says, "Trust us; we will fund the arts but we want to remove the dedication." I say "remove" because adding the Ontario Trillium Foundation and hospital spending to the dedication in effect removes it totally.

If there were any real commitment from the government in terms of the cultural and recreation and fitness areas of this province, it would not now have \$469 million in unspent lottery funds. The commitment is not there; otherwise, that money would have been spent. Where we have had programs that have been funded by lottery funding; they either have been cut back, have been removed or have come back in a much smaller program.

Because there are writers like Margaret Atwood, Graeme Gibson and Gregory M. Cook, who is our chairman, people have the mistaken idea that writers are all glamorous and rich and do not need the assistance provided by the government. Our marketplace in this country is dominated by the Americans. A 20-year writer who has maybe seven or eight books and a variety of other writing would maybe make \$15,000 a year out of the writing. This is a senior member in his career; this is not a person who is starting out.

If the government does not have a commitment to ensure that our cultural voice is heard, and if the writers who produce this voice do not have funding, we will not be able to distinguish ourselves from the Americans much longer. There are many people in this country who do not wish to become North Americans, who are very strongly tied to this country and feel there has to be this commitment.

From the comments from the previous presentation, I have to say that I am absolutely appalled that any government would consider lottery funding as a suitable vehicle to deal with crisis. The question of the morality of the original legislation was only supported, I think, or allowed without an enormous outcry from the churches and the communities because the legislation was dedicated. The government not only did not carry that dedication through to all six lotteries; it did not spend the funds that came in from the lotteries on the designated sectors, and is now saying, "We will look after you but we just want to add a few more things to the dedication, and there will be no accumulation because the entire balance will go into another area."

We appeal to you to put a fixed percentage commitment into the incoming funds. You can show your commitment by not retroactively removing the unspent funds and putting them into a sector that was not in the original dedication.

I would like to pass it on to Mr Cook.

Mr Cook: The reason we submit these amendments is twofold. We believe that the cultural, recreational, sports and fitness sectors of our society provide the best preventive medicine available. To date, not enough attention has been paid to preventive health care. This issue, along with our management of our environment, will be the major ones facing us in the next century, a mere 11 years away.

As our population ages and the baby-boomers reach their senior years, our present health care sector will not be able to provide enough health care services. Therefore, we must continue and increase funding to promote those sectors that provide the opportunity for a healthier lifestyle for our society. On our behalf at the present time, the government spends billions of dollars on treating the ill and a few millions on providing programs, most of them needing matching funding, that would produce a fitter and physically and mentally healthier society.

I think we must all be well aware that many countries recognize that a society or individual under stress requires not lifetime institutionalization but preventive medicine; hence, I think, the given name of the department we



are addressing when we speak of culture, recreation, sports and fitness. What we are doing by reallocating this money is treating the symptoms without careful and strong treatment of the causes of our illnesses. It reminds me of what it must be like to paddle upstream in a canoe with the paddle upside down.

Mrs Dickens: That is our presentation. We did send in a written presentation that also gave the committee some idea of where there have been moneys spent from the lotteries that specifically assisted writers. This program, the writers-in-libraries program: At this moment, there is no commitment to continue it. It had been a three-year program in the beginning. It was extended for one year but there is no commitment at this moment, that we have heard of, to extend it and this program is reliant on lottery funds.

The Chairman: Thank you very much. I would point out, for the benefit of the committee, that the previous submission was exhibit 70 in case you missed that. That is noted on your agenda.

Mr Fleet: I am not sure if you were here to hear the other comments that were made from the other deputations. I will not repeat them if you were.

The Chairman: I believe they were not, Mr Fleet.

Mrs Dickens: We came in at the end of the previous deputation.

1120

Mr Fleet: That is what I wondered about. First, I appreciate your presentation: One of the problems with the current legislation is its vagueness and you have made references to that in your presentation. The current legislation is not dedicated in the way that, I think, you mean when you refer to it. It does not create a trust fund. It does not use the word "guarantee." It uses the phrase "to be available." The reality is that the government of the day in 1977 or thereabouts when this legislation was passed, as I understand it, chose to spend whatever funds were not allocated from the lotteries. They spent it on hospitals, schools or whatever.

The current legislation does some rectification of that. It is an honest and open attempt to say, "This is what the process is and we are being upfront about what has gone on." In the meantime, we as a current government have not been saying, "Only the lottery funds are available in how we dole them out." Funding has gone up. Overall spending in the area of culture and recreation has gone up some 48 per cent over the five fiscal years since the Liberal government was elected in 1985. That is not just lottery funds; that is other tax revenues as well, so it is about twice the rate of inflation.

I appreciate very much the sense of urgency and the sense of importance you indicated in your presentation. You want more funding and I understand that. This bill is perhaps not the best mechanism for the government to state its overall policies. I think it is fair for you and for everybody to ask, "What is the government doing and what has the overall spending pattern been?" In addition, with respect to our individual programs working as well as they ought to, some groups have been able to say to us, "We've had a problem applying for this program or that." That is very useful information as well.

The reference in Margaret Atwood's letter to the sales technique of the prior government may be a very appropriate allegation or statement of how it performed. We did not pass that bill. We are just dealing with the problem now of rectifying what it does say.

I appreciate the sense you have that you do not want to be in competition with hospitals. This bill does have a two-stage process. It allows for an allocation of funding for culture and recreation. Whatever surplus there might be would be dedicated to a particular source, but that is really an accounting function. It does not alter the reality of the need of the government to ask, "What are we going to spend on culture and recreation generally?"

By way of explanation of what the government is doing or ought to be doing, that seems to me to be the key test of the government; that is, the overall funding level which, as I say, has gone up steadily. I am open and appreciative of your taking the time to come here to tell us that maybe we ought to be doing more or doing it better. I think that is important for us to hear. It is one of the reasons we are taking the time to listen to groups.

I want to thank you very much for your presentation. I regret that Margaret Atwood could not come as well, but I hope you will be able to convey back to your membership some sense of what the bill is about. It may be something different from what you have been told or have heard before, but I very much appreciate your presentation.

Mr Laughren: It is good to see you again, Penny. I wondered about lottery funds that go to writers. Generally speaking, do the funds go not to individual writers but for publications and events?

Mrs Dickens: No. Of the programs you can apply for, there was for a while a program where you could apply for a matching grant to computerize the administration of small arts groups.

Mr Laughren: Who could?

Mrs Dickens: They came through what is now the Ministry of Culture and Communications. There was a program. I think the maximum in any one year was \$12,000 and if you had matching money they would give you a grant of \$12,000 so you could use it in updating the service to your members or it might be service to a drum corps or a choral society. They are general programs.

Another general program, essentially an employment program, is one where you can get funding to offset three-quarters or half of the salary of an intern. You take somebody in your office and train them in arts management. This is employment. They get paid. Taxes go back into the system. So, there is a two-fold program there.

The actual program that was put in for the writers was funded out of the lottery funds; however, it was a commitment from Ontario to put in a provincial program for writers when the government funded public lending right which was compensation to the writers for their books in libraries. Since libraries were a provincial jurisdiction, the then minister, Marcel Masse—initially the federal government said: "We have to have some commitment from the other provinces." You know what it is like to get commitment across the country on any one individual issue. So at that time he said that he would fund the public lending right, which is up to about \$4 million a year, if there was some movement from the provinces in support of the writers.

Ontario was very generous in that it came up with the writers-in-libraries program, administered through the libraries, where the library receives a grant and pays it to the writer for a writer to spend half



of their time, whatever time period they have been funded for, in service to the library and the community. There are thousands of people out there wandering around with their novels under their arms.

Mr Callahan: Do they have a name for that? In-house or—

Mrs Dickens: No, no, no. It is not published. It is just in manuscript form. The libraries like to feel they are the focal point in the community and this is one of the ways that they achieve it.

For the writer, the only thing the writer has is his talent and his time, and if we do not provide time for him to write, we lose a large portion of our culture. There are writers for whom it may take seven years to write a book and if it is a best seller they may receive \$10,000.

I think the difficulty writers have in terms of the community as a whole— everybody can write. You just sit down and put your pen to paper and off it goes. So, there is not seen the difficulty of what it takes to develop a novel or a plot or anything. That does take time. This is the one program that came out of the lottery funds that actually buys time for the writer to write.

We are very anxious that we do not lose this. It is now seen by the libraries as what they would call a rich program. I would not consider it a rich program in Ontario. I think there is about \$300,000 which would fund 10 or 15 writers for that year. To my mind, that is not a rich program for this province. Half the writers in this country live in this province and three-quarters of the publishing industry is in this province.

Mr Laughren: Thank you. What bothers me about the potential of this bill is the effect on new enterprises, in this case on new writers. That is exactly who it would affect, it seems to me, people who are struggling to begin. Margaret Atwood does not need Ontario lotteries.

Mrs Dickens: No, no.

1130

Mr Laughren: But the new people coming up do. That is true not just for writers but also for other cultural and recreational organizations. We have had many presentations before the committee and if one thing has struck me it has been the fear that organizations which are now thriving would not have got that way without that initial bump from the lotteries, will not get that initial bump in the future. That worries us a great deal because despite what anybody tells you, for the first time, for the very first time, in the legislation, specifically designated in the bill, is the fact that cultural, recreational, sports and fitness will have to compete with hospitals. It is as plain and simple as that.

You can camouflage that fact all you like, but that is the new reality in the dispensation of lottery profits from the day this bill passes. Even if the amendments go through, and the opposition will be moving amendments and all members will have a chance to vote on them, I think it is a new world out there with the spending of lottery funds.

I must say I have been impressed with not just your presentation, I am not trying to curry favour with the writers, but that the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario has done a super job of

getting all people together and speaking with one voice on this issue. Certainly the committee has heard a very constant theme, totally constant. There are no contradictions out there as to how people see the danger in this bill and how they want it amended. There are no contradictions so that they cannot be played off against one another. So I commend the Alliance, and I know you are part of it too, to make this whole thing possible. Thank you for your presentation."

The Chairman: Thank you very much Mr Laughren. Mrs Marland.

Mrs Marland: I think that Mr Laughren has just made a number of very succinct comments that I totally support so I will not repeat them. I think what really says it all about Bill 119 is the fact that when the Liberals were the minority government and they brought in Bill 38, we won.

Mrs Dickens: The people won.

Mrs Marland: I mean I happened to be the spokesperson for culture for our caucus at that time and that was the first time that the cultural groups banded together with the recreation groups, which in itself was so unique. It was a fabulous happening in our province because both could see the common interest and the common need. That is why Bill 38 was not called. The Treasurer (Mr R. F. Nixon) said as much. He recognized in the House that these groups had done their homework. Now the fact of the matter is that we now have Bill 119 which although it still includes the original groups in the Ontario Lottery Corporation Act from 1975, it does not protect them, as you so well have said.

I feel that for the record's sake and for Margaret Atwood's sake, I want to point out that Mr Fleet's comments this morning may not be entirely accurate. Mr Fleet said that in Margaret Atwood's letter she was criticizing the former government. I want to make clear—

Mr Fleet: I said it is applicable to the former government.

Mrs Marland: Yes. But what I want to make clear for the record's sake and for Margaret Atwood's sake is that her letter does not have an implication. The letter is addressed only to this committee and in her letter, in her second-last paragraph she says, "Considering the prestige and high profile that the literary community which resides in this province takes to other countries, I regard your decision to skimp on provincial funding to the arts a slap in the face."

Her last paragraph says, "I hope you will reconsider and stop behaving like unscrupulous sales people who sold the public a bill of goods without showing the fine print."

Mr Fleet: We were not there then.

Mrs Marland: I do not think that in any way that is referring necessarily to the former government. I am sure if Margaret Atwood were here this morning, she would tell you that it is today that they are here and it is today that they are concerned with Bill 119. So I think, in fairness, rather than to put her letter into a partisan mode, which her letter is not, it is fair to correct the record.

I also wanted to compliment you this morning on your comments about how important it is when we look at our future in every way that it all ties in



with the management of the environment because the management of the environment in its ethical sense is certainly related to the management of our lives through preventive medicine through those areas that you represent, as well as the recreational groups. I do appreciate what you said this morning.

The Chairman: Penny Dickens and Gregory Cook, as the chair I would like to thank you personally for coming this morning. As the chair, I sit here and observe that when a presentation is particularly lucid and articulate, the questions tend to become comments and I believe all of the statements this morning were in the classification of commentary. It must mean that you have presented a very good case.

The other thing about it is that we have heard from the dancers and a lot of the other sections of the performing arts in a very meaningful way and obviously recreation groups in the municipalities have been here too. This is one aspect of the whole piece that we have not heard a presentation on before. So it is particularly meaningful that you have been here this morning. Thank you very much for coming.

Ms Dickens: Thank you, Mr Chairman. Just one comment, which I should have said at the beginning. This is not just from the Writers' Union. This is also from the League of Canadian Poets who have a more difficult time than even novel and fiction writers and the Periodical Writers Association of Canada, which has freelancers as well.

The Chairman: Thank you very much. Before we comment on the next presentation, I have been asked by Mr Sola, the member for Mississauga East and a member of the committee, to read into the record a specific request for information from the researchers. The request is that the committee would like figures for the last five years from the above-mentioned ministries other than the administrative costs of the ministries. The ministries noted are Tourism and Recreation, Culture and Communications and Citizenship. The specific examples of the things wanted are the amounts received from the lotteries by each ministry, the amounts of lottery funds dispersed by each ministry, the amounts received from other sources by each ministry and the amounts dispersed from other sources by each ministry.

I am reading this into the record because obviously the ministries are probably monitoring these proceedings and this will give them formal advice that this kind of information is specifically wanted.

Mrs Marland: Mr Chairman, could I add to that request that we do not just ask for the last five years, that we ask for the 14 years that we have had lotteries, otherwise we are going to have a very narrow perspective in looking at one third of the history of lotteries in Ontario.

The Chairman: Is it the wish of the committee that we expand it to the complete life of the lotteries? Any objection to that?

Mr Callahan: If Margaret wants that, let Margaret have that.

Mr Fleet: Absolutely.

The Chairman: Mr Laughren, you had a comment?

Mr Laughren: Yes. This is on something else. If somebody was pursuing this matter, I will wait.

The Chairman: Could we finish this one first? Is it on this one, Mr Faubert?

Mr Faubert: The figures will not be meaningful in one sense because the Ministry of Culture and Communications allocates dollars to the Ontario Arts Council. Unless you see the Ontario Arts Council breakdown, it comes as just a lump sum to Ontario Arts Council. I think you would have to refine that to be meaningful. I think we have to also see the Ontario Arts Council's allocations. I am reading the federal report. That is where I get—

The Chairman: How do you want this request—

Mr Faubert: As well as ministry allocation, I think you should also see the granting bodies within the organization. That is the arm's-length bodies, such as the Ontario Arts Council.

Mrs Marland: But Frank, you are getting a picture of the lotteries. There is some lottery funding that goes to the Ontario Arts Council. I do not think we want to—

Mr Faubert: The lump sum of the grants from the ministry goes to the Ontario Arts Council and they are the dispenser of the funds. You want to see where they put it.

Mrs Marland: But as long as the lump sum to the Ontario Arts Council that you are talking about is purely the lottery funds, because I do not know if the ministry allocates other money to the Ontario Arts Council.

Mr Faubert: If there were applications to it—there are two ways of looking at it—

Mrs Marland: They do.

The Chairman: I think we have a pretty good indication of what the information is and this discussion really is not adding to what our researchers are going to do. I have been advised that probably getting the five years can be accomplished this week. Getting the 14 years will take a little bit longer. The other additional information may take that time too, but we will make every attempt to get all of the information requested for you.

Mr Laughren, your new piece of information?

Mr Laughren: Mr Chairman, I appreciate the tender loving care with which you are looking after Mr Sola's request for research. I wonder if the same care could be taken for my request on the sale of lottery tickets and the dispensing of funds by region or district. Is that being done?

Ms Anderson: That is being done at the moment. There may be some time difficulties in getting the revenues of the Ontario Lottery Corp by district or by region because they will have to sort that out manually and it will take a considerable amount of time at this point.

Mr Laughren: If Ms Anderson's looking after it, I know it will receive tender loving care.

The Chairman: I assumed that from the very beginning. Is there any further comment or question by the committee?



Mr Faubert: Mr Laughren makes a good point because I think that information is something we should also have. Could we agree--

The Chairman: That was already requested--

Mr Faubert: Yes, I understand that. Could we agree to Mr Laughren's original suggestion about a week ago that we have representatives of the ministries appear to discuss the figures we will be getting? We can draw our own conclusions from the facts.

The Chairman: The only limitation on that is time. The only time we have available is the last Thursday afternoon. We have acknowledged the request and we will see what we can do.

Mr Faubert: Okay.

The Chairman: The reason I worked that in right now is that the Saugeen Musical Society was to have had a presentation made on its behalf by Glen Crockford, who cancelled this morning. We do not have any further hearings this morning and the hearings will begin again at two o'clock this afternoon with the city of Toronto parks and recreation department making a presentation.

Mr Pelissero: Sharp.

The Chairman: Unless there is further comment, the committee stands adjourned until two o'clock this afternoon.

The committee recessed at 1142.

# HANSARD REPORTING SERVICE

Room 481, Legislative Building, Queen's Park, Toronto, M7A 1A2

Telephone (416) 965-1456

Index Inquiries: (416) 965-2159

Editor of Debates: Peter Brannan

Deputy Editor of Debates: Ernie Hemphill

Editors: Don Cameron, Chief; Alex Jenkins, Deputy Chief; Edward Patrick, Supervisor; Pierre-André Beauchamp, Karen Bennett, Liese Binnie, Kathryn Blackett, Lawrence Bruner, Drummond Burgess, Deborah Caruso, Anne Lynas, Wendy Mills-Descheneau, Steven Smal, Janice Spellerberg, Tom Volk, Sheila Wawanash

Reporters (Tape): Kit Anderson-Knight, Administrator; Margaret Elkins, Wilda Ferguson, Supervisors; Jean Andrews, Sandra Arrizza, Peggy Brooks, Carolyn Brown, Sharon Chalupiak, Danica Dolenc, Margaret Grobicka, Richard Hilson, Barbara Milnes, Sonia Nesbitt, Chantal Perron, Margaret Prince, Mary Sutton

Reporters (Shorthand): Pat Girouard, Beth Grahame, Carol McIntosh, Maureen Murphy

Reference: Patricia Tolmie, Co-ordinator; Teresa Hamilton, Lynda Middleton

Index: Elise Sloga, Chief; Estelita Chan

Editorial Assistants/Printer: Corrine Marnoch, David Woodruff, Eamon Kade

Secretaries/Receptionists: Ethel Allan, Norma Thompson

Messenger: Stephen Marshall





CAZON  
XC 16  
-G24

STANDING COMMITTEE ON GENERAL GOVERNMENT

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989

TUESDAY 19 SEPTEMBER 1989

Afternoon Sitting





STANDING COMMITTEE ON GENERAL GOVERNMENT

CHAIRMAN: Elliot, R. Walter (Halton North L)

VICE-CHAIRMAN: Faubert, Frank (Scarborough-Ellesmere L)

Bryden, Marion (Beaches-Woodbine NDP)

Callahan, Robert V. (Brampton South L)

Charlton, Brian A. (Hamilton Mountain NDP)

Cordiano, Joseph (Lawrence L)

Cureatz, Sam L. (Durham East PC)

Fleet, David (High Park-Swansea L)

McLean, Allan K. (Simcoe East PC)

Ruprecht, Tony (Parkdale L)

Sola, John (Mississauga East L)

Substitutions:

Farnan, Michael (Cambridge NDP) for Ms Bryden

Laughren, Floyd (Nickel Belt NDP) for Mr Charlton

Marland, Margaret (Mississauga South PC) for Mr McLean

Pelissero, Harry E. (Lincoln L) for Mr Ruprecht

Clerk: Carrozza, Franco

Clerk pro tem: Mellor, Lynn

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the City of Toronto:

Eggleton, Art, Mayor

Pirk, Herb, Commissioner of Parks and Recreation

Puhm, Mall, Parent/Volunteer, Department of Parks and Recreation

From the Association for Native Development in the Performing and Visual Arts:

Moses, Daniel David, President

Thomas, Viola, Executive Director

From the Kingston Symphony Association:

Richardson, Peter, President of the Board

From the Ontario Sailing Association:

Milnes, Robert, President

Jenkins, Alf, Executive Director

From the Equity Showcase Theatre:

Moynihan, Christine, General Director

From the City of North York:

Hutchinson, Gordon, Commissioner, Parks and Recreation Department

Sgro, Judy, Councillor; Chairman, North York Parks and Recreation Committee

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Tuesday 19 September 1989

The committee resumed at 1400 in room 151.

ONTARIO LOTTERY CORPORATION AMENDMENT ACT, 1989  
(continued)

The Chairman: The first delegation is by the city of Toronto, Department of Parks and Recreation. We have quite a delegation coming in. I would ask them to approach the presenters' area while Mr Farnan is making a point.

Mr Farnan: At this time I would like to table two amendments for future consideration by the committee. I think it is only fair that I table them at this time so the committee will have the opportunity to reflect on them. The two amendments, which I will give to the clerk now, basically do two things. The first suggests that there be a minimum of one third allocated to culture, sports, recreation, etc. The second speaks to the setting up of a trust of the residual unallocated moneys that have accumulated over the years and suggests that these funds would be designated to the same purpose. Every group that has appeared before us up to this time has requested these two amendments, and I think it is only fair that we listen and that the committee be on notice that these two amendments are now tabled.

The Chairman: Thank you very much. Those will be reproduced and circulated to the other committee members.

I would like to welcome the delegation from the city of Toronto, parks and recreation. I believe there are four people present: Mayor Art Eggleton; Herb Pirk, who is the commissioner of parks and recreation; Mall Puhm, who is a parent volunteer; and Patricia O'Connell, who is the director of parks and urban forestry and an executive member of the Parks and Recreation Federation of Ontario. Welcome to the group.

CITY OF TORONTO, DEPARTMENT OF PARKS AND RECREATION

Mayor Eggleton: We are happy to have the opportunity to be able to appear before you today. I come with a message from city council that is unanimous. Unanimity, as some of you know, is not easy to obtain on my council. They are unanimous in their opposition to Bill 119, because quite simply we believe that the bill will have a negative impact on the delivery of culture and recreation, indeed the quality of life, in our city.

The city, in that context, supports the position that has been put forward by such organizations as the Parks and Recreation Federation of Ontario and the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario. We propose, as you just heard, or as has been heard I am sure on many occasions, the following amendment: that the accumulated profits of the dedicated Ontario lotteries, which were \$369 million as I understand it, be treated as a trust fund; that the interest thereon be allocated annually to support culture, recreation, sports and fitness; and that one third of the ongoing annual profits of all six lotteries be allocated to support culture, recreation, sports and fitness.



This bill, of course, affects not only Toronto but all parts of Ontario, so when we took our position on the matter we circulated it to other municipalities. We got back a response from over 200 of them, and an overwhelming 88 per cent supported our resolution in opposition to the bill, many of them from towns and cities in your very own constituencies. We received support, in fact, from all the local municipalities within Metropolitan Toronto and Peel region. A great many of the municipalities are smaller, so we have a cross-section, in effect, of municipalities all over this province that support our position in opposition. In fact, I will table with you a book that contains a sampling of the letters we received from the municipalities in support of our position.

Also, coming back to a local context, in terms of the city of Toronto, we have heard from many organizations: Toronto Art Council, Toronto Historical Board, library associations, various boards of management of some of the hockey arenas that we have around town, settlement houses, committees which deal with race relations and multicultural activities and festivals, disabled advisory councils at our 27 community recreation centres, and just thousands of people who are involved in sports, arts and cultural groups all over the Toronto area.

Again, they fully endorse the position that we put before you, because I think they understand, as we would suggest to you, that recreation and culture are an integral part of the total health care system that we have in our province. I know that is part of the issue that you are dealing with.

The city believes that spending by the province on the culture and recreation sector will yield savings to future health care budgets. Supporting arts and culture is and should be looked at as preventive medicine. The city internationally is perceived as a leader working towards a healthy city. We are part of that healthy city concept. Other countries view our parks and recreation services as major factors contributing to the environment of our city.

My senior staff in parks and recreation have played a leadership role in our healthy city's initiative. Our trees, parks and generous green spaces enhance the quality of life. We are committed to delivering leisure services that contribute to the physical, social and emotional health of the people of Toronto.

Of course, part of the services we provide are for youth and they are increasingly important, as many of you know, particularly in this day and age when we are trying to fight drug abuse in our communities. I have established a Mayor's Task Force on Drugs in Toronto. We know that the community and recreation centres that we have in our city are going to play a key role in the preventive and educational components of this strategy, which is really where we are going to win this fight against drugs in the long run.

Of course, it is interesting to note that the responsibility for the provincial drug program lies with the Ministry of Tourism and Recreation. So, I think it is an ideal combination.

If I may say, in conclusion, the city has been successful and appreciative of the numerous Wintario grants that we have received over the years. Like other municipalities, we have also seen and felt the significant cutbacks. So have our thousands of community groups and volunteers, whose contribution to community life is immeasurable here as it is in all of your communities.

The effective delivery of recreation depends on citizen participation and the continued commitment of volunteers, program leaders, sports coaches, boards of management, advisory boards of the community centres, etc. These are all important. In addition to providing programs, these same people are fund-raising, I might add, to support these worthy community services. In the context of the proposal of Bill 119 and our suggested amendment, now is not the time to cut back the province's matching share.

I will ask our commissioner of parks and recreation, Herb Pirk, to pick up the next segment of our presentation.

Mr Cureatz: Mr Chairman, could I just interrupt for a moment? In presenting the brief, you are not particularly reading from any aspect here. It is quite detailed and voluminous. You have your own notes, I take it.

Mayor Eggleton: That is right, but really what we are saying, by and large, is in that document. We are just highlighting points to make it a little shorter.

Mr Pirk: At a time when the entertainment industry is lamenting the competition for participants, when the CN Tower, SkyDome, Ontario Place, Ontario Science Centre and Harbourfront are all competing for a similar audience, it is the shut-in who lives in Parkdale, the shut-in whom we pick up from his home, take to the community centre and take back home who benefits from the program at that community centre. It is his or her only social contact, his or her only opportunity to meet other people. A singles' bar is not an option.

For the single parent in Regent Park, the outdoor pool that we provide, which operates until two o'clock and three o'clock in the morning, is the only opportunity for that parent to send the children to a place where they can get relief from the heat when they do not live in air-conditioned apartments. Those children will unlikely ever see the inside of Canada's Wonderland.

For downtown youths, the Cabbagetown Youth Centre is an opportunity for them to test their physical prowess in a healthy, nondestructive way and to meet other youths. While Maple Leaf Gardens is just down the street, the opportunity to go there is very limited, indeed. Many adults, immigrants and newcomers to the city see the community recreation centres as their first and only opportunity for fitness and social activity. It is their only option and the SkyDome might as well be located in London, England.

For these people, the recreation opportunity offered by municipalities is not one of many choices; it is the only choice. In Toronto, the recreation opportunities provided by the municipalities are provided free of user fees, a policy that has been in place since 1964 and a policy that was reconfirmed by city council in 1983.

It is an essential part of the lives of many of the people who live in this city. For many, it is the only opportunity to have fun, to be in a humanizing environment, to be in a nonthreatening environment in an activity that is totally voluntary. It may be their only social contact and an activity that is truly recreative. Anyone who would argue that recreation is not an essential service for this population is sorely out of touch with that population. For smaller towns across this province, the community centre, the baseball diamond and the arena are the very fabric that ties these communities together. They have depended on provincial grants for the rehabilitation of their arenas and the development and renewal of their facilities. Provincial



funding and provincial support is the lifeblood for a healthy, continuing recreation program and continuing recreation facilities.

It is another reason that the city is opposed to this bill. Many of these communities do not have the resources to be heard in the same way that the city of Toronto can be heard. We have committed many resources to the development of this presentation. The report that you have before you, I believe, outlines quite adequately and reasonably why recreation is an important aspect of life in this province.

Quite frankly, while the city would feel the impact—hard and immediate—it is the small communities that would suffer even more severely. It is not an issue of hospitals versus recreation. Historically, the province has been a leader in the field of recreation. Prior to the introduction of the lotteries in the mid-1970s, other grant programs had been established by the province; other grant programs that supported every major recreation facility in the city of Toronto financially.

We have buildings and facilities that go back to the 1950s, from arenas and community centres to more local facilities. Every one of those facilities has support from the provincial government. As this city grows and develops, indeed as the province grows and develops, we need a higher commitment to recreation to meet the existing needs and the increasing demands placed on us.

Among the reasons for those needs, we have: growth patterns and development, smaller communities in the suburbs, a changing age structure and an ageing population in this province, changing family composition, more single parents, a diverse and shifting multicultural community, diverse needs, a wider gap between income groups, changing work patterns, the youth, the disabled, the homeless, drug abuse and, finally, the ageing plant our facilities now represent. Many of those facilities are 30 or 40 years old.

The provincial role is well described in the provincial recreation policy. The province has been committed to facility planning and development, facility conservation—the ageing plant—program planning and development, human resources development and training, marketing and public awareness, research and development and long-range planning.

Our report that you have before you outlines the impact of recreation on health and wellness, social impact and community and economic benefits. It was not our intention to repeat or even précis the contents of that report. So at this time, I would like to call on an individual. I can think of no one better to share with you the benefits of recreation than a present recreation user and a community volunteer. I would like to call on Mall Puhm.

Mrs Puhm Good afternoon. I am the mother of two teenaged daughters. We live in the Swansea area and I utilized the city of Toronto parks and recreation programs from the time the children were three and five.

Today, Kia, 17, is the Canadian record holder in swimming of the 200-metre backstroke short course, an international-level athlete. Alissa, 15, is this year's provincial silver medallist in level 3 of rhythmic sport of gymnastics and just completed her grade 4 flute exam. Both girls are honour students and attribute their academic success and ability to organize time to the fact that they are physically fit and extremely busy, healthy in mind and body. We are not a family of natural athletes or geniuses. There have been failures, but the key has been hard work, excellent coaches, programming and facilities.

My philosophy in raising the children was to expose them to as many constructive experiences as possible, to widen their world view and keep them occupied so that they did not have to fill voids in their lives or express anger at society by setting mailboxes on fire, vandalizing schools or taking drugs. The city's recreation programs gave me a wonderful opportunity to introduce the kids to a variety of activities which I might not have been able to afford or could not have conveniently accessed.

In the early years during play school, the kids were able to develop musical, artistic and motor skills through songs, arts and crafts and simple games. I, meanwhile, was able to attend exercise classes and socialize with other mothers who became my support network with which to exchange ideas or hash out mutual concerns. I noticed seniors eagerly coming to the centre for horticultural society meetings or euchre games. We were instinctively fighting loneliness and isolation.

Later, when I started full-time work, the girls were old enough to go to the centre themselves. Rather than be latchkey kids, they took cooking, calligraphy and Margaret Morris exercise classes. They put on several plays, making costumes and sets themselves. Special days like Hallowe'en, Valentine's and St. Patrick's days were all celebrated with theme parties. What wonderful childhood memories.

Through the years, they also explored tap, baton, ballet and jazz lessons. From these experiences, they chose their areas of specialization and were handed over to professional coaches at that point. Were the girls overprogrammed? For Kia, 15 minutes behind a piano was too much. Five hours swimming a day, doing what she loved, was no problem.

I am not opposed to medicine or education, but I would like to make a few remarks in favour of recreation. On 15 September 1989 the headline in a Toronto Star article read: "Healthy Lifestyle Called Key to Cancer Fight." If you had body injuries, odds are that a reputable doctor would not tell you to stop all activity. That would be detrimental to your cardiovascular system. In the case of a knee injury, the doctor might suggest swimming; for a back injury, sit-ups. Where will one swim or exercise if we cut back on recreation? Remember, the doctor is prescribing this. Since we cannot all afford to be members of the Granite or Boulevard clubs, our other options become recreation centres which are threatened by Bill 119 or board of education sports facilities which are available for the non-40-to-20-year-old population only in the evenings or on weekends.

I would like to conclude with the following. When Kia was seven years old, she was putting on weight and seemed to be needlessly picking on her sister. I could have taken her to a hospital dietitian and child psychologist. She would have thought, "I must be sick." Instead, I had noticed that she loved the water and seemed rather competitive, so after Christmas I enrolled her on the Annette Recreation Centre swim team and by March she had won her first gold medals. The medals were presented by Pat O'Connell right here, currently director of parks and urban forestry.

That sense of achievement from striving to be the best you can be has never left that girl. With her new sense of self-esteem and focus, she no longer needed to pick on her sister and, needless to say, her weight is well under control because only streamlined vessels travel fast in water.

Was that not a healthier approach to integrating a child into society? Would the dietician have recommended exercise as well as a diet? Where will



today's kids exercise and learn social skills if we cut back on recreational opportunities? From my personal experience, recreation is preventive medicine, is a healing medicine and is a part of education. My thanks to the city of Toronto's recreation program for helping me raise healthy and successful citizens.

1420

Mr Pirk: At the risk of overkill, we would like to share with you a videotape that underscores the importance of recreation in the city of Toronto now.

[Audio-visual presentation]

1429

Mayor Eggleton: That completes our presentation. I hope we have helped to demonstrate why we are concerned with the level of funding provided for recreational and cultural programming. We will leave you with a copy of that tape, if you want to look at it another time. Meanwhile, we are ready for your questions.

The Chairman: Thank you very much. In recognizing the committee members, I should point out that we are restricted to 30 minutes per presentation. We do have another five this afternoon, so I am going to stick to that. I would appreciate it, Mr Fleet, as I recognize you, if you would make a brief comment or ask a question. I am not going to permit a line of questioning or a long comment, because I would like to recognize at least one person from each party before the end of the time.

Mr Fleet: Recognizing the time limitation, I guess I have to speak quickly.

I want, first of all, to thank you for what is a superlative brief and presentation. It is good to see you as well, Art and Herb. I was pleased very much to hear the description of the activities in Swansea. Some of the facilities I am of course familiar with.

I would like to comment particularly about the campaign you have led, Mayor Eggleton, to fight drug abuse. We have shared a stage together quite literally on that. I commend in particular the city's efforts that way and want to reaffirm my support for all of those activities.

One of the things that struck me as I read the brief and listened carefully to the presentation was that the philosophy you have enunciated, the examples and the promotion of the concept of wellness are things I agree with completely and without exception. I found the presentation you made a very articulate one of the very objectives this government believes in.

The thing that is important in my view, and it is my duty in part to convey, is that the bill we are considering, as far as I can tell based on all the information I have heard in this committee and privately, does not constitute a cutback as is certainly believed by many. What the bill does is amend section 9 of the existing legislation. The existing legislation does not create a trust or a guarantee of the expenditure of lottery funds, as many, many groups have told us they believed it did. It may well be that is what they were told; that is not what it does. Government spending in the area of culture and recreation in the last five years has gone up at the rate of about 9.6 per cent per annum, twice the rate of inflation.

The time limitation the chairman warned me about prevents me from getting into all the details, but I want to confirm that my understanding of this legislation is that it corrects a deficiency in the old legislation and some of the practices of the government prior to this date. It does not eliminate the priority that the government places on recreation.

The Chairman: May I interrupt? I have allowed you two minutes and I am going to allow Mr Farnan two and then Mrs Marland two.

Mayor Eggleton: Could I respond at some point?

The Chairman: Yes.

Mayor Eggleton: Now or after?

The Chairman: If you are brief right now, it would be better.

Mayor Eggleton: Very quickly, our experience is that in both constant and real dollars, no, it has not kept pace. In fact, half of our applications from the city of Toronto, even though they qualify on all the technical grounds, are being turned down. Herb can say something a little bit further, just to back that up.

Mr Pirk: Certainly, our analysis of the lottery grant disbursements would indicate that for the first time in the history of the grants, since 1986 the real and constant dollars have decreased and that is a trend we are vitally concerned about. The pattern of this government from 1986 on would indicate a decrease in the disbursements of lottery grants. Certainly, in any other area of grants to municipal programs for recreation, at the very best those grant moneys have been constant.

Mr Farnan: I would like also to commend all members of the delegation. I think you nailed the impact of the legislation down to health, wellbeing and the economy. These are things that benefit from funding of culture and recreation. I have not heard the economy stressed to this degree by any other delegation. This delegation stressed the impact on the economy significantly. I think that in the area of health and wellbeing, you have exposed the insane position of pitting recreation and culture against hospitals, when you look at the presentation you made and particularly how people can grow and develop and have a better quality of life with the proper support.

The final comment I would like to make is that I would like to leave with you a copy of the amendments we have put forward and tabled. Certainly we would interested to know if your group is comfortable with those amendments. Maybe you might like to pass that information back to the committee as a whole.

The Chairman: As he hands you that proposed set of amendments, there is a note at the top of the page that I should draw to the attention of all.

Mr Callahan: It is slightly wrong.

The Chairman: It says it is a government motion, which should be struck out.

Mr Laughren: Wishful thinking.

Mr Callahan: Can I ask a question of the delegation?



The Chairman: No, you cannot at this point in time. I am going to recognize Mrs Marland.

Mr Farnan: Mr Chairman, you brought up the point of a government motion and I want to say this at this time: Both my colleague and I have listened and we have come to the conclusion of putting forward these motions. If any government member would like to put his name on these motions, after listening for what is eight days now, and every delegation has asked for these two specific amendments, we are prepared to allow you to take ownership of these motions and we will support you, but I would give as an invitation at this moment—

The Chairman: Mr Farnan, I think you are out of order. You have had more than your two minutes.

Mrs Marland: I wish, on behalf of the Progressive Conservative caucus, that I had known it was motion time. I thought we were into clause-by-clause a little later in the hearings because—

Mr Cureatz: But the mayor of Toronto is here.

Mrs Marland: Certainly, Mayor Eggleton, I would like to join in the commendation of your presentation today. I particularly was impressed in noticing that you have put the resolutions of our own area municipalities in each of our folders, since I saw Mississauga was in mine and I saw Orillia was in my colleague Mr McLean's folder. I hope that the government members of this committee will heed the resolutions of their own municipalities. If they give it as much heed as they did some other subjects recently, not the least of which was Sunday shopping, then you can kiss goodbye the time you have spent with us this afternoon.

I want to just say at the outset, Mrs Puhm, that as the mother of an Olympic athlete, I identify completely with what you said in your comments this afternoon. There is no question that you and I have an advantage because we have seen the benefit of the spinoffs of the kind of discipline that kind of training requires. The casual, informal athlete and recreational person has the same benefits with a different standard of achievement, but your point is very well made and I certainly sympathize with it.

I was encouraged, Mr Pirk, to hear your response about where the funding has been lately in terms of the projects for the city of Toronto. I want to ask you whether—I cannot remember the name of the plan. It was a community centre's plan. Was it MCCP that used to fund capital funding for community centres, which was a program our government had started?

Mr Pirk: It was the Community Recreation Centres Act.

Mrs Marland: Right. That funding, I know, is no longer in existence. Would you agree, Mayor Eggleton, that this bill in fact simply legitimizes the cabinet sweepstakes whereby the hospital operating costs are going to be pitted against preventive medicine, as your brief has so well described this afternoon?

Mayor Eggleton: We are very concerned about that. We feel that as part of a health care system, the kind of programs and services we are operating need to get the kind of commitment that gives them that recognition and importance in the health care system, in the wellness of people. We are very concerned about that pitting against others. We recognize the needs, of

course, for hospitals, but we do not think this is the way to do it. We suggest these amendments are good ways of ensuring that there is an adequate level for the preventive side through these kinds of recreational programs.

1440

Mrs Marland: One of the questions that came up this morning was the fact that while there is no minimum spelled out in Bill 119 for the original intent of lotteries, the areas that you are pleading on behalf of this afternoon, there is also no minimum for hospitals and its hospital operating costs. We see that in the Progressive Conservative caucus as being very critical. What we are wondering in fact is whether or not we should be looking at a separate lottery totally and not have this cabinet sweepstake take place when you are going to have the Minister of Culture and Communications the Minister of Tourism and Recreation and the Minister of Health sitting at the cabinet table all saying "Me first" in terms of lottery funds.

The Chairman: Mayor Eggleton, I would appreciate if you would treat this as the last question and then sum up in your reply. Our time has run out.

Mayor Eggleton: Okay. I guess it gives me an opportunity—

Mr Callahan: I have a question rather than a statement I would like to ask, if I can. I think it is very important that—

The Chairman: No. I am ruling it out of order, Mr Callahan. I set clear guidelines for the six or seven minutes, which is now eight.

Mr Callahan: A very quick question.

The Chairman: I am sorry. You cannot ask it. Mayor Eggleton, would you please sum up?

Mayor Eggleton: I guess what we are saying both in response to that and by way of sum up is that the accumulated profits, that \$369 million, should be put into a trust fund with interest and allocated annually for sports, culture, recreation and fitness programs and that a third of the ongoing annual profits of all six lotteries be allocated to support culture, recreation, sports and fitness. If you want to regroup them or want to rationalize the lottery system, that is a different issue that needs to be examined, but we want to make sure that there is a good, solid base of funding for these very important, essential programs.

The Chairman: Thank you very much. Your delegation has given us a lot to think about. I am sorry we do not have more time. Obviously we could have gone on longer. Thank you very much for an excellent presentation.

Mayor Eggleton: Thank you very much, Mr Chairman.

The Chairman: Our second delegation this afternoon is representing the Association for Native Development in Performing and Visual Arts. Daniel David Moses, the president of that group, and Viola Thomas, the executive director, will be making that presentation. Daniel, you may begin at any time you wish. As the previous delegation learned, we have about 30 minutes for the presentation. You do not have to worry that we went a bit over time on theirs. We will start from now with your 30 minutes.

Mr Callahan: Mr Chairman, just before they start, I want to ask you—



The Chairman: Yes, you may.

Mr Callahan: The question I wanted to ask was, and maybe research can find out the answer for us, and maybe she can get clarification from Mr Farnan, assuming that Mr Farnan's motion was to be accepted, I would like to know how those moneys would be allocated? Would a city with a population of one million people get more than a city with a population of 200,000 or would a city or a village of 200 get less? I would like to know that?

The Chairman: We have the gist of the question and our capable researcher will look into that for you.

Mr Farnan: You are asking too much.

ASSOCIATION FOR NATIVE DEVELOPMENT IN  
THE PERFORMING AND VISUAL ARTS

Mr Moses: I am Daniel David Moses. I am the president of the Association for Native Development in the Performing and Visual Arts. I think you will be delighted to know that I was informed that I was to speak for five minutes, so that is about all I have to say.

The Association for Native Development in the Performing and Visual Arts was formed in 1974 with the intention of helping the native people of the province who were interested in the arts gain experience, training and expertise in promotion and self-promotion. We have been functioning since that time. Running the Native Theatre School is our most consistent project; running basically advice-giving services to native people coming in off the reserves who are looking for training, looking for ways to expand their talents and make a contribution. Our success has become evident over the years. As an example, the Native Earth Performing Arts theatre company, which walked away with four or five of the major theatre awards at the Dora's this year. About 75 per cent of the people involved in that company have come through our theatre school.

I guess what concerns me is that we have been the only game in town, so to speak, for native people. Our presence here at this committee is almost with clean hands. We have only benefited from Wintario funds for one project, that project being a documentary film on a young symphony conductor of native ancestry, who I am sure you have heard of because of that film: John Kim Bell.

As for other native people who may have the opportunity to benefit from these funds in the future, I am quite concerned. I am sure you know that the position of native people in this country is for the most part a deplorable one. The knowledge of that is gradually sinking in. I actually heard someone on CBC finally start using the term of native people being Third World people in a First World country. We have talked about that in the native community for a couple of decades and it is finally being heard through the media. I would like you to consider that condition of native people and realize the importance of the arts of recreation in a society. In native societies there are connections not only with physical wellbeing, but with spiritual wellbeing, which brings me to the wider concern. The question that comes to mind is simply the direction that this indicates, that the limited funds that are available for recreational and cultural development in the province are being taken away. What direction is this province going in? I have already given you an example of a direction I hope you will not be interested in. That is basically all I have to say.

The Chairman: Thank you very much, Daniel. The first person on my list is Mr Laughren, who was left over from last time.

Mr Laughren: I did not know that was why I was on the list.

Thank you for your presentation. I do not know anything about the Native Theatre School, I must confess. Do you do work that is almost totally dedicated to native issues in the theatre, rather than the broader—

1450

Mr Moses: The Native Theatre School works on the model of community theatre, so that individual productions result from the personal experience of the students who are taking part. That invariably has to do with native issues. Students in certain years have chosen, for instance, to deal with the problem of what alcohol does in their individual communities. What was the theme this year?

Miss Thomas: The theme this year was focused around the principle of respect, respect for oneself, respect for the family, respect for the community and respect for the diversity of First Nations people. With that common theme blended in as part of the theatre production, it went on tour in northern native communities and various southern reserve communities that generally do not have access to theatre. Many of them cannot afford to bring their children into the city of Toronto to witness theatre.

As part of that community theatre-based initiative, it incorporates doing workshops with native communities outside the city of Toronto. So although the city of Toronto represents the heart of theatre within Canada as a whole, the theatre school has the opportunity to be able to reach out to the native communities that generally do not have access to theatre.

Mr Laughren: I might have asked the question selfishly. I have three reserves in my own constituency in northern Ontario.

My next question was going to be if you had reached out to those small reserves in northern Ontario.

Mr Moses: We have managed year by year to cover different sections of the province.

Mr Laughren: Do you have a permanent place from which you operate here? You are Toronto-based, are you?

Mr Moses: We have a Toronto office. The actual theatre school happens on a farm in the Beaver Valley. Students come in there and work from four to six weeks, developing their skills, developing their knowledge and developing a show which tours through native reserves. Sometimes, we come into the cities as well to address the communities here.

Mr Laughren: You said that you did not get many grants from Wintario. Where do you get most of your funding, from the federal government?

Miss Thomas: We get a contribution through the Ministry of Culture and Communications. Of course, the way in which that funding operates is based on a 60-40 split, meaning that they contribute 60 per cent of our operating costs, then we are expected to raise 40 per cent on top of that for specific projects and to cover the balance of our operating costs. So that for the



association as a provincial arts service organization, we spend a lot of time trying to find financial resources to maintain the services in which we operate as an association dedicated to promoting native people in the arts.

Mr Laughren: I appreciated your presentation.

Mr Callahan: I appreciated your presentation too. It is performing and visual arts, so I gather that it is also painting?

Mr Moses: Yes.

Mr Callahan: I have seen some of the painting by native people and it is absolutely superb.

I just want to pursue a little further what Mr Laughren said. Is access of the native people to your organization province-wide or is it centralized basically around Toronto?

Miss Thomas: What I should perhaps do, for the benefit of the members of the committee here, is to talk a little bit about how the association works. We are a provincial native service organization. We operate a talent resource bank that enlists 350 native people actually on a national basis with various talents. So part of the way in which we operate in terms of the talent resource bank is that we do get calls internationally.

For example, they had a big festival in France for the French Revolution, so they phoned us up asking to help them line up traditional drummers for that event. So even though our primary emphasis is Ontario, a lot of times we get calls from outside the province to provide information on various native performers from across the country.

Mr Callahan: You are a central enlisting point for right across Canada?

Miss Thomas: That is correct.

Mr Callahan: I just wanted to follow up one further thing. You have indicated that you have received moneys from the Ministry of Culture and Communications. Can you tell us how much that has amounted to since 1985?

Miss Thomas: The average payment that the association has received each year has been in the range of \$60,000.

Mr Callahan: Is that each year since 1985?

Miss Thomas: That is correct. There have not been any increases in that particular fund.

Mr Callahan: But you have gotten \$60,000 a year since 1985?

Miss Thomas: That is correct.

Mr Callahan: I gather that was a request. You needed \$100,000 and you have to look for the \$40,000 yourselves.

Miss Thomas: Exactly.

Mr Callahan: Do you get any contribution from the federal

government, since it is an across-Canada operation?

Miss Thomas: No, because we are a provincial native service organization, we do not access any resources federally. The Department of Indian Affairs and Northern Development only covers on-reserve native people, and we are based off-reserve. The Secretary of State, has existing funding that we used to be able to tap into under the native social and cultural component; however, the federal government has chosen to wipe that component out and has put the priority on the retention of indigenous languages. So at one time, we used to be able to access some moneys for projects under that component, however they have wiped that particular component out.

So in terms of the avenues which the association has to solicit from, they are generally the private sector and/or foundations. Because the competition is very difficult and very tough to access the private sector, you see the corporations moving more and more towards larger arts initiatives as opposed to supporting community-based initiatives with respect to the arts. You see that trend happening not only provincially but also nationally with respect to corporate sponsorship. They are more willing to go along with festivals such as WOMAD, which is the World of Music and Dance, as opposed to supporting a native theatre school, which is geared to training community-based native people from various communities.

Mr Callahan: So the net result is that despite the fact that you are bringing young native Canadians from across this country, the only funding you are receiving is from Ontario and nothing from the federal government.

Miss Thomas: That is correct.

Mr Farnan: Thank you for your presentation.

Would your theatre school and theatre bank represent the highest levels of skills within native peoples in the arts and culture?

Mr Moses: Rather the most basic level. We are giving people their initial intense experience of learning. Actually, we would like to be able to give people higher levels of training, but it cannot happen with present funding levels.

Mr Farnan: Thank you for that answer, because I need to get a fix on the overall picture. Maybe you can elaborate on that as we go along.

We had a delegation before us either yesterday or last week and they were making the analogy that in order to have excellence in any field, you have to invest in your farm system or in the basic areas so that you develop people, bring them along and then you have excellence as a result. People come out of the system, etc. Also, they recognized the lack of such a farm system, which meant that you would eventually result with lack of excellence at the top of the system. Would you like to comment on that and maybe try to put it into context for me within the native people's theatre?

Miss Thomas: I think there are two aspects that you need to consider in regard to that. One is that the nature of the theatre school itself is quite unique, because although it is based on community-based theatre and it provides fundamental training within theatre, the beauty of the school is that the individuals who graduate have the option of further pursuing an acting career at a higher level, either through some other theatre company or through some other theatre school.



1500

The other rippling effect of the school itself is with respect to the individuals having the opportunity to go back to their communities, after having learned those fundamental skills, to use them as a social and community development tool. So if they want to go back and work and develop a native puppet theatre play with young people in their community, they will have the fundamental skills to be able to do that.

In terms of the broader question which you are raising, I agree totally that if we had the opportunity to have a year-round theatre school, that would be the ultimate. I do not know if members have been following the press lately, but there have been a number of issues around the whole question of the lack of experienced native actors within the theatre and film worlds. We have been attempting, in collaboration with Native Earth Performing Arts, to cultivate that.

In the longer term, I think the ultimate would be having a year-round school, because we are quite frankly tired of having our stories appropriated by non-native people and quite tired of not being able to fill a lot of those leading roles. If you look at the existing arts industry, there are 2,000 members in the Alliance of Canadian Cinema, Television and Radio Artists and of those 2,000 members only five are of native ancestry. So there is a great deal of work that is necessary to cultivate that professional level of experience. Given the resources, we would certainly love to be able to establish a year-round school.

Mr Farnan: The other question I had concerned audiences. Not only do you allow actors and actresses the opportunity to develop their skills, but you provide the opportunity for the communities themselves to develop an appreciation for the theatre and the arts.

Miss Thomas: Absolutely.

Mr Farnan: Obviously, you have participated in or initiated some outreach activities. Are you aware of satellite groups within the local communities that would benefit from funding from lotteries as perhaps a way of introducing people to the arts and then they might see the opportunity to use your facility to further their careers? There would be a process by which native people can increase their appreciation, and be a vehicle by which they can advance to the top of their profession.

Miss Thomas: I am not aware of any such service, of a satellite operation in terms of what you are saying. Certainly something like that would be a real benefit. Our concentration is not only on native theatre. The association itself covers all disciplines in terms of music and of dance as well, traditional and contemporary performing art forms. One of the challenges we have is not just the maintenance of certain traditional performing arts, because they are being eroded and lost for a number of reasons. A lot of the emphasis we have focused on has been trying to do more networking with other arts service organizations, simply because we do not have the financial or human capacity to be able to do the necessary type of consciousness-raising on the diversity of native peoples in the performing arts.

Mr Farnan: My last question will be very brief. Is there a need for affirmative funding within this area?

Miss Thomas: Absolutely. Yes, I would agree there is a definite need

for affirmative funding. I want to give you an example of what has gone on in the United States. Although the country we call Canada has various affirmative action policies with respect to the CBC, they have not helped to cultivate those talents that are out there with respect to first nations peoples. Within the States, the examples I draw on quite specifically, particularly in the area of film and TV, are through the public broadcasting stations, which have assisted North American native people to directly finance their own films and productions for TV broadcasting. They have succeeded quite well in winning a number of awards. One in particular is called Spirit in the Hole, which speaks of the experience of native people within the prison system down in the States.

If something like that were to be made available as part of the recommendations of this committee, it would certainly enhance the cultivating of first nations peoples' talents, rather than just adopting affirmative policies, which have not worked in this country either provincially or federally.

Mr Faubert: I am trying to see precisely your role. I know you are called the Association for Native Development—and it says, "on the Performing and Visual Arts." Maybe "in the Performing and Visual Arts."

Miss Thomas: Yes.

Mr Faubert: I am sure it means "in." I take it that you are first and foremost, as well as projects such as the Native Theatre School, a co-ordinating body for first nations talent across Canada. You are some kind of central or organizing point for them, is that right? In theatre, or in all—

Miss Thomas: In all disciplines, we operate a talent resource bank.

Mr Faubert: That is writers, performers, composers and musicians, the whole range, that are first nations people.

Miss Thomas: Right.

Mr Faubert: Part of your performance is put together within theatre. Is this first-nation-to-mainstream or is it native-to-native? I am just trying to think of exactly what you are trying to do.

Miss Thomas: It is a combination of both, in terms of traditional performing arts and contemporary; with respect to traditional performing arts, I mean traditional dancing and drumming. One of the things that we see happening, just to give you a more specific example: One of the fancy dances that native women do within the powwow circuit, as they call it, is called the butterfly dance, and the whole movement of that dance is to imitate the butterfly. What has happened over the years is that that particular style of dance, which is a traditional dance, is being eroded because of a number of factors. What has been happening is that they have been influenced by break-dancing, for example, incorporating that style.

Part of the mandate is to perpetuate, promote and maintain traditional art forms to help people understand, for example, how the Inuit drummer is different from the drummer from Six Nations, for example, or the drummer from James Bay and the northern parts of Ontario where the Cree people live. Part of that is doing that necessary consciousness-raising on the diversity of traditional performing arts, as well as promoting contemporary native performers who choose to go into the contemporary arts media.



Mr Faubert: Okay, that is what I was getting to. Believe it or not, what you just enunciated in your early part is part of all folk dance: how you get back to the elements of the basics of it and how those are retained, because there is always a trend to modernize dance. It is interesting. You should talk to some other multicultural groups that are involved in dance, because they have enunciated that exact problem.

The one thing that was raised by Mr Callahan, and I am really mystified, is that you perform this function nationally. Although it is claimed that you are a provincial-based organization, you actually perform a national service. Why is there no funding through the Secretary of State?

Miss Thomas: Because within the Secretary of State department, as I was explaining earlier, they knocked off the social and cultural development component. Within Secretary of State, they do have a native citizens' component, but that particular component only provides contribution to friendship centres, for first nations' language development and maintenance, and for northern native broadcasting initiatives. Those are their primary mandates.

With the Secretary of State department, they do have a multicultural performing arts component. However, there is no specific component for native people in the performing and visual arts. The reason why we do not access funding nationally is because our priority is on a provincial basis and we do not have the full capacity to be able to go national, so a lot of our priority really is Ontario. We do the national stuff on a referral and formal basis rather than putting a lot of concerted effort in trying to do it nationally.

Mr Faubert: But with some funding, you could be a national organization. You could do that nationally.

Miss Thomas: Absolutely.

1510

Mr Faubert: It seems strange to me, because I worked with the Department of Multiculturalism and Citizenship. It was in the 1970s, but I know that part of what you are talking about was the mandate of the Secretary of State.

Miss Thomas: Right. It was deleted last year.

Mr Faubert: Last year was the end of it. Okay, thank you.

The Chairman: Thank you very much. We appreciate your presentation a great deal. You have added an insight into an area that we have not deliberated on as a committee before today, so we appreciate your presentation very much.

The Chairman: Our third presentation this afternoon is on behalf of the Kingston Symphony Association. Peter Richardson, the president of the board of that association, will be doing the presentation. Feel free to start whenever you are ready.

#### KINGSTON SYMPHONY ASSOCIATION

Mr Richardson: It is a pleasure to be here today and to be able to bring you the perspective of the Kingston Symphony Association. We are

probably one of the smaller organizations that you will hear from in this round of hearings. We are part of the Ontario Federation of Symphony Orchestras; we are also part of the Ontario Choral Federation, and our views I think represent their views as well.

I think you people must be having a fascinating experience hearing about the incredible cultural mosaic across this country, and one of the things you surely will be doing after these hearings is championing culture and recreation.

I teach at Queen's University. I teach in the business school there, so maybe I can add a couple of other dimensions to this presentation in addition to simply being president of the symphony. I am exposed each year to about 200 or 300 of our up and coming people, bright young people, and there is no doubt in their minds that the cultural identity of Canada and Ontario needs to be strengthened. I have discussed this with them in programs, and there is no doubt that their feeling is that cultural organizations, compared, say, to the medical community, are severely disadvantaged. I hope I will make that point to you this afternoon.

I would like to do three things this afternoon: I would like to talk very briefly about the Kingston Symphony, which you may not have heard of, but I would like to tell you how we fit into the cultural farm system of Canada; I think that is an important role that has to be kept up. I would like to make a couple of points about the bill itself which I feel have to be made—they have probably been made to you before, but I will repeat them—in terms of the diversion of funding from recreation, culture and arts to the health field; and I would like to make a couple of recommendations at the end of my presentation, if I may.

First, a little about the Kingston Symphony. We are not, believe it or not, an élite organization made up of kind of just the snobs of Kingston. We are a very strong, working board. We are people from across the community. Our orchestra is 60 strong. We have a choral society affiliated, with 130 people. We have volunteer organizations of a couple of hundred other people, and I guess our audience is about 10,000 to 12,000 a year in our local community.

Our total budget is about \$400,000. With that, we put on about 18 or 19 concerts a year. We put on a symphony week last year. We performed at Fort Henry before 3,000 people this year. We bring into Kingston people who would otherwise not come in. We bring in young performers, typically young Canadian performers. We give them a chance to perform with symphony orchestras that they might not get if organizations like ours did not exist. We were early people to recognize a talent like John Kamura Parker; we had him before Toronto probably even knew he existed—and things like that. We have a lot of fun. We are an organization that—I think we enjoy everything we do together.

I would say to you that our \$400,000 goes a long way to provide the citizens of Kingston with entertainment and culture that they would not otherwise get. We would bring in the National Arts Centre Orchestra once a year maybe, but that would be it. The Kingston Symphony does school concerts, reaches about 3,000 school kids a year, and does a variety of other things. The people in the orchestra teach the kids of the community. We have a string orchestra; we now have a thank-God-it's-Friday string fun evening and a variety of things like that.

I have to tell you, though, that the wages we can pay our orchestra are extremely small; as you probably have heard, wages in the arts sector are



extremely low. Our performing space at the present time is not suited for symphonic music at all. We perform in the Grand Theatre, which was not designed for music. We alternatively perform in Grant Hall which, as you may be aware, is just a university hall for academic functions.

Kingston does not have a good musical performance space, and I would make the point to you this afternoon that the purpose of funds like Wintario, which were dedicated specifically for recreation, for culture, for the arts, I think should be expanded to provide some of our communities like Kingston with high-quality facilities in these areas. At present, with the way Wintario is structured, we cannot access that.

We also operate under extremely primitive conditions. We have a full-time manager, a part-time manager and a full-time music director who work out of a cramped office at the top of the Grand Theatre and we would like to be able to do better. We have compared ourselves to orchestras in comparably sized European towns and we are badly underfunded, badly outperformed in terms of facilities.

We have just brought in a new concert mistress who played for the Winnipeg Symphony Orchestra; her husband was the pianist for the Royal Winnipeg Ballet. They have given up their home in Winnipeg to move to Kingston. We are able to pay her the princely sum of \$18,000 a year salary, and for that she is moving to Kingston. I think it is outrageous. I do not know how she does it.

We have used Wintario funds. They have been important to us in the last few years. We have used them to buy musical equipment, to re-equip our percussion. We have used them for travel and conference and most recently we used them to buy some computer equipment for the office, a very basic system which will allow us to track audiences and do some mailouts and things like that.

The funds are important to us but right now we cannot access them as much as we would like. We would like to see Kingston be able to access the pool of accrued funds that we believe exists, which the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario believes exists, for new facilities for Kingston, and not just in the arts area but also in the recreation area. If you have ever been down to Kingston, our main hockey rink, the Kingston Memorial Centre, is a disaster. We need a new facility in town. This is the kind of thing that Wintario should be used for.

My point today about money for the arts and recreation and culture area versus the health system is that I would ask you to think in this way. The diversion of these funds to the health care area makes sense under two premises.

First of all, that the arts sector has exhausted the potential uses of these funds: That is clearly not the case. Canada is not a culturally strong nation. Ontario is not a culturally strong community in terms of the world at large, compared to countries we should rank ourselves with, such as Japan and in Europe. There are tremendous uses for those funds in bringing world-scale and high-quality facilities and programs to the regions outside the main metropolitan areas of Toronto and Ottawa.

The second reason why you might divert those funds is if you feel that the health care system is more deserving, that it manages its funds better than the arts community, that it uses them more wisely. As I said, I teach

management. I consult widely. I work with doctors and I work with nurses and many other people. Their opinion is that the health care system is not managed wisely and we simply push money into a sink.

On the other hand, I would argue with you today that we make our \$400,000 at the Kingston Symphony go a long, long, long way. We do manage our funds wisely. We are one of the few arts organizations that manages a balanced budget. We have had a history of that. For eight out of the last 10 years we have had a balanced budget. We currently have an accrued surplus. We currently have an endowment, which for an organization our size is not bad.

I look at Wintario, I look at the funds there, and I think if the rules and regulations and guidelines were freed up to enable well-managed arts and recreation organizations to access those funds, we might not need so much health care, because people might be healthier mentally and they might be healthier physically. I heard the group making that argument when I first came in the room today and I would back it up.

1520

I am a professional. I know a lot of doctors. Are the doctors hurting financially? Are they really, really underpaid? Are the nurses really, really underpaid? Are the hospitals suffering for lack of capital? We just got new CAT scanners. We have two hospitals in Kingston. We are probably very, very inefficient in terms of health, so we are just going to pour money down there, whereas a number of arts organizations that struggle along in outdated facilities, antiquated facilities, do a good job, so let's leave them doing that good job.

I have made this argument to the Canada Council. You push money at the inefficient organizations and reward them for doing a bad job. The ones that keep on a tight budget, you say, "Yes, we will give you 5 per cent; go from \$400,000 to \$420,000. That is wonderful. Keep doing it."

We need a new performing arts centre in Kingston. It will cost about \$7 million. The province could free these funds through Wintario. We would match it; we would go out and raise the balance; but we need the incentive to do that. I think by diverting these funds you are really perpetuating a crisis in the cultural and recreation communities in Canada.

So I say to you, neither of those assumptions about the health care system is valid. I am sure other communities across the province will tell you the same story: that there are many worthwhile arts and recreation projects that Wintario could fund and should be funding. I guess my view is that the only possible diversion of these funds is because we have learned through these wonderful things called polls that the Ontario electorate "wants more than anything a high-class health care system," to kind of carve them up when they have got cancer from smoking or so they can do liposuctions on them when they have not exercised for 20 years and those kinds of things.

We have got to put the money in the front end: recreation, arts, mental health, things that lead to quality of life, not quality of medical care. I put it to you that the diversion of these funds will be a tragedy if it is allowed to go through. I really believe that you people can make a very big difference in terms of impressing on your colleagues the importance of this. Our youth—and I am exposed to our youth and I am sure you are too—very broadly want to see more investment in culture and recreation. They know what Canada's reputation abroad is. It is wonderful. But our cultural reputation



abroad can be strengthened. It is only done through investment in the farm system, in the facilities and bringing us up to world-class standards.

We have fallen behind, sadly, in technology. Are we going to be known in the 1990s and the year 2000 as the country with the best medical system in the world for treating everybody, but lousy culture, lousy technology and everything else? I hope not. I came over here in 1970 from England because this was a country of the future. But investment in more and more health care, and more and more expensive health care, basically is an investment in past sins. I would like to have the investment in the future of our young people and in our communities.

Mr Cureatz: Thank you for your presentation. It was very articulate. As we look over today's presenters, we have had a kaleidoscope of people and various interest groups. Last week we had the symphony from Kitchener-Waterloo, who indicated they were the second largest in the country, I think.

Mr Richardson: In Ontario.

Mr Cureatz: In Ontario. The Toronto Symphony Orchestra, of course: their presentation was overwhelming. You did not mention the number of people involved with the Kingston Symphony. I do not believe you did; I listened very closely.

Mr Richardson: Sorry. Yes. We have 60 orchestra members directly. We have 130 in our choral society, which, by the way, took part in the International Choral Festival that took place. We premiered a work by James Healey Willan that we were able to commission. We have about 200 other volunteers and our audience numbers around 10,000. We played before 3,000 people at Fort Henry in June this year.

One of the things we would like to do is expand our summer programs. We only, at this point, do one concert in the summer and, of course, Kingston is a tourist area. We feel we could be a very major attraction if we got funding to do that kind of thing.

1450

There has been this one wonderful program called investment in the arts. You may be familiar with it. We were eligible to take down \$40,000 under that in the last three years. We have done that. That program has now finished. In addition to the capital funding, I think Wintario should be used for matching funding programs to encourage fund-raising in the arts and recreation sector by doing exactly what the investment in the arts program did on a continuing basis. You go out. There is your base. You increase your base funding, which is what the investment in the arts did, and Wintario will match it. I think that would be a tremendous use of the Wintario funds.

Mr Cureatz: I asked about the number of people because the city of Toronto came in and they filled a good portion of the room, and you are quietly by yourself but by the same token directly representing 300 or 400 people who are directly involved with the orchestra and that is not to say the 10,000 who are the subscribers—so you are speaking with what I would like to think is a substantial voice of people in eastern Ontario who are concerned about what is taking place with the legislation.

I do not believe you articulated the specific area of interest which

many of us have heard and that is the designation of a particular amount, namely the one-third amount, is what we have been hearing throughout these hearings. You are supportive of that in terms of the amount of money that should be specifically set aside from the lottery funds to ensure the promotion of arts and culture.

Mr Richardson: Yes, right.

Mr Cureatz: My Liberal colleagues have indicated that they are concerned with that designated one third. There is always the possibility that what has been accumulating regularly over every year in the lottery fund could, in essence, be substantially less, and therefore with you locked into the third, the general arts and recreation community would not be able to access those funds in a particular year maybe. Does that give you concern?

Mr Richardson: You are talking now about the accrued surplus?

Mr Cureatz: That is right. No, I am not. I am talking about every year the lottery fund has money—groups have indicated one third should be set aside specifically. If the fund drops in a particular year because of lack of interest in lotteries, does that concern you, that there could be a dropping in funds available for applications by various groups?

Mr Richardson: I guess my view is that if we are willing to take funds from lotteries, and some people may have problems with that, we have to take the ups with the downs. I think the one thing I would very much not want to see is the arts organizations becoming dependent on these funds. I am not suggesting that here. I am not suggesting that the Kingston Symphony Association would use these funds to underwrite the operating deficit each year so that we would be basically, without Wintario funding coming in, in a deficit position.

I really still believe that the funds should be allocated in a way that—

Mr Cureatz: Through application?

Mr Richardson: Yes, through application and for future investment and to help new initiatives. For instance, as I say, if we wanted to start a summer season and we needed \$40,000, I think Wintario would be a super place to come and say: "We will raise \$20,000. Will you match us if we raise the \$20,000 to start the summer season?"

Mr Cureatz: Finally, you were very emphatic about the frustrations that you see in terms of a large health care system vis à vis those funds made available for culture and recreation. You did not say so, but I want to ask: Do you feel that those funds that are available—since it seems like you are in an area that you appreciate large figures in terms of government spending, those funds that the government might appropriate for hospital operations, do you think they would have a significant impact in terms of the overall—maybe you are not familiar with the overall budgetary process for hospitals in Ontario.

Mr Richardson: I guess my feeling based on what I know about the medical system is that it would not have a significant impact. I am not an expert, by any means, on medical systems, but knowing the size of their budgets, knowing the appetite for funds and the—I think in hospitals generally part of the problem is an attitude and the attitude is a high-technology attitude that just eats away at funding. I think there is an



attempt being made to put cost control into hospitals. I had written a book on cost control in organizations and it is something I—I have worked with the mining industry and they know something about cost control, especially after the last five years.

But the hospital systems in this respect are very primitive. Of course, there is a tradeoff between quality of health care and cutting costs, but I believe a number of organizations have now generally found ways to both increase quality and cut costs at the same time. I do not think that kind of thrust is going on in the hospitals. I think all that would happen is, this money will just get swallowed up and vanish in general.

1530

Mr Callahan: How many people are there in Kingston? What is the population?

Mr Richardson: We have this thing about greater Kingston now and the city of Kingston. Greater Kingston is 120,000—plus. The city of Kingston is still around 60,000 to 70,000 people.

Mr Callahan: Okay. You have indicated that you have two hospitals, which you are very lucky to have.

Mr Richardson: Good hospitals.

Mr Callahan: I have a community of 190,000 people and only one hospital. The real point I want to make, the question I want to ask is: we had the mayor of Toronto here with a group who was supporting a motion that many of the groups, as Mr Cureatz has said, wanted to see brought into play. It was a minimum fixed amount of the existing or future lottery profits, plus I presume the same percentage of the interest on that so-called notional surplus.

The question I wanted to ask of Mayor Eggleton, and I ask it of you coming from a smaller community if I can say outside of Toronto: If that were to be accepted as an amendment by this government, what rule would you apply to ensure that Kingston got its share, you know, of that big pot? Would Toronto, with 1.5 million or two million people get a larger access to that pot than you or say Brampton or Mississauga? How do you see that? You are a professor of business at Queen's University. I would like to ask you how you deal with that.

Mr Richardson: That just means I teach it. It does not mean---

Mr Callahan: I have great admiration for Queen's. I have one son who graduated from there.

Mr Richardson: I mean the obvious answer is to say you might allocate it on the basis of population or something like that. I think there is a great danger there, in the sense that in the area that I represent, for example, Kitchener-Waterloo, Toronto in the last few years and Hamilton, have all had significant additions to their performing-arts space for music.

To say that we should apportion this out by sector and whatever and then give Toronto so much I think would be misleading. It has to be allocated on the basis of sound proposals, sound projects brought before an allocation mechanism, but there should always be, as I say, this element of matching so that when we come to you from Kingston and say: "We do not have the performing

space. Here is our business plan for that performing space. Here is how we would fill it. Here is how we would run it. We would like Wintario to kick in \$2 million," you might say: "Well, holy smoke. That is \$200 per head. That is out of line," but look at it over the life of the investment, look at it on the impact on the community and look at it in terms of the willingness of the community to go to bat for—

Mr Callahan: I understand those criteria, but—

Mr Richardson: Those would be rather than any notional head-count allocation.

Mr Callahan: No, no, no. I understand those criteria, but in fact what you do by having this minimum third or more of the pot is that you have to have some criteria—I mean we have heard information that roughly about 44 per cent to 50 per cent of the applications that are put in are approved and get lottery funding. Now if you put a minimum on it of one-third or one-half, then you have to have some rules of the game as to who gets the most.

It seems to me only logical that some of the comments we hear that everything is Toronto oriented—Toronto is a much bigger city than many in Ontario, if not all of them in Ontario. Therefore, one would conclude that the largest portion of those guaranteed funds would go to Toronto as opposed to say Brampton or Kingston. Do you not see that as a—

Mr Richardson: No, I do not because I think you are arguing again just on the basis of size and we do know that size is not everything.

For instance, one of the questions is the availability of local funding for organizations such as arts and recreation. In my community we have one corporate head office of any note, and that is Empire Life. If I want to go and get corporate sponsorships for a project for the symphony, I occasionally come down to Toronto and try to get them from some of the big companies that have operations in Kingston—Northern Telecom, Du Pont, those kinds—and we chase them down like crazy.

But our biggest employer in Kingston is government. Government does not sponsor many concerts and it does not sponsor much in the way of projects to build facilities. Likewise, there are many other communities in Ontario that are in the same boat as we. That is why I say I think a notional way of carving up the pot on the basis of relative size is a fallacious one. I think it has to be on the basis of proposals and on the basis of need.

Mr Callahan: I understand what you are saying, but it seems to me that size will have an impact on the number of applications that are made.

Mr Richardson: That may be true.

Mr Callahan: Okay, thank you.

The Chairman: Mr Faubert.

Mr Faubert: Mr Richardson answered some of my questions as he was going through a series of answers, but I just want to ask a couple about the orchestra. Is it a professional orchestra or a community orchestra?

Mr Richardson: It is a semiprofessional orchestra. We have a core of 30 professional musicians, and then the rest of the orchestra is made up of



people who either teach or—we have the local ear, nose and throat specialist, and whatever. They all get paid, even the ear, nose and throat specialist.

Mr Faubert: They all get an honorarium, but you have paid principals within each group.

Mr Richardson: That is correct, yes. We have 14 contract principals..

Mr Faubert: Okay, and a musical director and conductor, I assume.

Mr Richardson: Full-time, yes. Brian Jackson.

Mr Faubert: It is an interesting point—and I realize time is running on here—about your proposal for a performing space. How far along is that proposal? I take it you have come to the ministry. Have you been funded for your feasibility studies on that, your business plan and everything?

Mr Richardson: No, we have not yet, and the reason is that—I have been president for only one year. There has been a committee of the year 2000 struck for the symphony which came up with this initial proposal. We feel that we have to get a consortium together of the local music groups, some of the local businesses and the city before we can approach government, and we have not yet been able to put that consortium together.

Mr Faubert: There is seed funding through culture development grants which you should get.

Mr Richardson: We should be going after it.

Mr Faubert: If you just establish a committee along with the city, you could probably move and get that money fairly quickly.

Mr Richardson: I think we should do that. That is a very good suggestion.

Mr Faubert: You have not developed your plan yet. Are you looking for, I guess, 30 per cent from the government and 70 per cent to be raised locally?

Mr Richardson: That would be the kind of thing we would like to see, yes. That is great. We feel a facility will cost around \$7 million or \$8 million.

Mr Faubert: That is pretty close.

Mr Richardson: Yes.

The Chairman: Thank you very much, Mr Richardson. We certainly appreciate your presentation. It has given us an insight into another one of the symphony associations in the province.

Mr Richardson: Thank you. I hope you have a lot of fun with it.

The Chairman: Our next presentation of the afternoon is on behalf of the Ontario Sailing Association. Robert Milnes, the president, who submitted exhibit 24, and Alf Jenkins, the executive director, who submitted exhibit 106, will be making the presentation.

## ONTARIO SAILING ASSOCIATION

Mr Milnes: Thank you. Our association welcomes this opportunity to present our views on Bill 119. We have prepared a written submission of about six pages. I do not propose to read it into the record. I would just like to summarize generally the points that we make in our submission.

I am the president of the Ontario Sailing Association, which is a volunteer position. On my left is Alf Jenkins, the full-time executive director of our association.

To tell you a little about our association, it is the sports governing body for sailors and boaters in the province. We represent approximately 500,000 sailors, boaters and sailboard users. We have a membership of approximately 220 community sailing clubs, sailing schools and summer camps. A few of these are large, metropolitan yacht clubs, but substantially all of them are small community clubs and sailing schools scattered throughout the province.

Our association administers funds for élite athletes, both provincial and federal funds, but also has a very active role in running learn-to-sail programs throughout the province, safety programs in high schools and similar programs to encourage people to either take up sailing or sail in boats safely.

1540

In the view of our association, the original purpose of the Wintario funds has been achieved—that is, until recently—and our association, as have many other sports, cultural and fitness associations, has benefited substantially from Wintario funds. Just to name a few of the programs of which we have been a beneficiary, there has been the Wintario athlete travel program, which until recently provided Ontario athletes with up to 60 per cent of their funds for international travel; there has also been the Wintario hosting program, which has enabled Ontario-based clubs and associations to run international sporting events in this province.

The success of these programs is evidenced in part, for example, by the fact that two Ontario sailors, Frank McLaughlin and John Millen, won medals at the Olympics, and for some years they have been beneficiaries of these programs.

From our perspective, perhaps one of the most important Wintario programs to date has been the granting program for sports equipment, which has enabled many of the small sailing clubs and schools throughout the province to purchase sailboats. Sailboats, unfortunately, are an increasingly expensive item and the standard one-man youth boat, the Laser, is now \$3,000 or \$4,000. The smallest boat, the Optimist, in which young children aged seven to 10 learn to sail, is now approximately \$2,000. Kids are very hard on these boats and the boats require constant replacement and upgrading. Until recently, our association and its member clubs have benefited from generous Wintario funds to replace this equipment. On page 2 of our brief, we have listed some of the clubs and equipment they have obtained.

We appreciate the desire of the government to have some of its substantial funds available for an equally valid public purpose, health care. However, we are in a situation, as are many other sports associations, where our funding sources are decreasing. We still receive very generous support from the sports and fitness branch of the Ministry of Tourism and Recreation



and without this support we would be unable to carry out many of our programs. However, that ministry, like all government ministries, is under pressure because of definite deficits and we have noticed a straight-lining or a decrease in this funding.

The Wintario programs over the last two years have been cut substantially—and this at a time when Ontario revenues and the surplus have been increasing. The international travel program that I mentioned has been reduced from 60 per cent of travel cost funding to 35 per cent and from 50 per cent to 40 per cent for travel in Canada. Perhaps of greatest concern to us is that there has been a substantial reduction in the capital equipment program of Wintario.

At this point we cannot obtain grants for boat replacement for these small sailing schools and clubs and it is a matter of some concern to our association and its member clubs. There was, until recently, a five per cent administration fee. This arose out of an agreement between the sports and fitness branch of the Ministry of Tourism and Recreation and Wintario. Sports governing bodies such as ours were paid a five per cent administration fee to administer these funds. That fee was cancelled several years ago, but we still have the same administrative costs and, at the same time, we have declining grants from the sports and fitness branch.

We believe it is unrealistic to expect all the substantially increasing Wintario funds and the surplus to be applied to sports, fitness and cultural activities. We recognize that hospital assistance, education and other basic public purposes are just as important, but we would like to remind the committee of the original purpose of establishing the lottery system in Ontario; that is, that the funds would be used for cultural, sports and fitness activities.

We would like to recommend, as I gather other associations and organizations have, that the amended legislation reflect this by allocating that at least a minimum portion, such as one third, still be applied towards these purposes. This would apply both to the surplus and to ongoing revenues.

Without in any way hampering the discretion of Wintario, we would also like to suggest that if such funding is made available, it be applied primarily towards capital equipment and programs such as our boat replacement program and sports equipment purchase programs for other sports governing bodies. I believe the same type of Wintario program does enable symphony orchestras to buy instruments and administrative equipment such as computers. This has been a valuable source of funds and there are no other available funds.

In summary, we are recommending that the revised legislation reflect the original purpose by reflecting an allocation of at least one third, or some other minimum amount, to these purposes.

The Chairman: Do you wish to say anything, Alf, before we open it up for questions?

Mr Jenkins: No, I am ready to field any questions.

Mr Callahan: You would rather be sailing.

Mr Jenkins: On a day like today, yes.

Mr Farnan: The idea of promoting excellence within the field obviously is benefited by introducing as many people as possible to the recreation of sailing. Would the recreational aspect of sailing be as important as the competitive aspect of sailing?

Mr Milnes: Absolutely. As an association, we are always balancing the two needs, and the two do combine a bit. If you encourage young people to sail, eventually you produce some élite athletes, but in terms of our funding and priorities, we treat them equally. We have a very successful learn-to-sail program: two mobile units that travel throughout the northern area of the province in the summer, going to small communities and teaching kids aged seven to 12 to sail. For many of them, this is their first exposure.

Mr Farnan: In a sense, not only is that the recreational aspect, but I suspect it is where those who aspire to excellence are initiated into the sport and are cultivated.

Mr Milnes: Yes.

Mr Farnan: Many delegations have suggested that both sports and culture and the various aspects of recreation and the arts are indeed part of a preventive health care system, of a wellness within society, and that investment in these areas is an investment in health care. Would you like to make a comment on that?

Mr Milnes: I think that is true as a general comment. All recreational activities appear to lead to a better life and wellness, if you like. I cannot really answer more generally, except to say that I am not sure that for every dollar spent on recreation you can say there will be an equal decrease in health care costs. I would not go that far, but I think there is some validity in comparing the two.

Mr Farnan: Despite the fact that it has been stated by the government members of the committee that indeed there is a significant increase in funds, more and more groups are coming before us and saying, "We are not experiencing this; in fact, we are experiencing the opposite." That is certainly interesting.

Finally, I want to re-emphasize what appeared to be happening in the past couple of days. When groups were coming forward, they talked in terms of a one-third designation to culture and recreation. I notice you used the phrase "a minimum of one third"—that is the expression that is being used now—and also the idea of the residual funds, the accumulated funds, being put into a trust with interest going back to culture and recreation.

1550

My colleague and I have put together some amendments. I would like to give you copies of the amendments. We have tabled them with the committee and we would certainly be interested in hearing your response to those amendments if they meet your concerns. Maybe you would share your reaction through a letter to the clerk as to whether these amendments meet your concerns.

Mr Jenkins: If I could just add one other facet that was raised here, about the wellness of society, our recreation sailing programs are also a very important factor in the general education of water safety. This is a fact that is very important at this particular juncture, where a lot of boating accidents can be avoided if we can get the word out. Of course, to do



that we have to have the equipment to do it, to teach young people how to sail and how to sail safely and just behave on the water in a very water-conscious way.

Mr Cureatz: I want to be very brief. On page 6, you mention halfway down "...so that sports governing bodies such as our association can benefit from the increase in lottery revenues." By the way, before I get into my question, I wanted to say that I appreciate your coming forward, not that I am a sailor but I have often hoped that some day I might be. It looks so romantic.

Mr Callahan: You have to go down when the boat goes.

Mr Cureatz: That is right, and one sailor mentioned to me that it is only a state of mind anyway. In any event, we can pursue that another time.

In terms of looking over the presenters today, in my mind your presentation stands out as something a little different and novel, yet you are saying the same thing all the groups have said. I am appreciative of that. The thing I had been worried about—and actually my Liberal colleague has been asking this all along and I was thinking, "Gee, you never know; even he might be right," but I do not sense it at all—is that although, again, you are asking for the designation of the one third and although there is always a possibility that in a particular year the lottery funds may be less so that means your one third is less, yet all the groups, and I want to confirm this with you, still would be comfortable with a designated amount of funds being set and you would fight among yourselves in terms of the applications. You would rather go through that whole process and the possibility of being turned down because of a lack of funding, and you will balance that off with the getting of the designated one third amount.

Mr Milnes: I can make two comments and perhaps Mr Jenkins can add something. I think to date we have found the Wintario allocation process very fair. We, over the years, have always applied; we have never got all the money we have asked for, but to our knowledge we got a fair share and so has everyone else. No one is ever happy with the funding he gets. The reason why I think we are recommending a minimum designation is so that it retains in the legislation the original purpose for which the Wintario funds were designated. It is no answer to say, "There are other sources of funding out there." There are not.

I listened with interest to the gentleman from the Kingston Symphony Association talking about corporate funding. We would love to get corporate funding, but it is very hard. It is not available and it is probably going to get harder over the next few years if the economy changes. There are no guarantees in life, and we realize that a one-third designation, if revenues are down, may mean less money. Furthermore, we have to compete with symphony orchestras, other sports bodies, native dance groups, the whole wide spectrum of sports and cultural groups, but we feel more comfortable with the legislation embodying a recognition that there will be a fairly substantial flow of funds to these wider purposes.

Mr Cureatz: I have to conclude by asking, because my silver-tongued friend from Brampton, as is so well criticized by my friend from Nickel Belt, pursues the issue concerning the lack of funding under previous Conservative governments—I will be blunt again—I do not know how long you have been involved with your association, but you just indicated that you wanted to preserve what was in the existing legislation.

My comment is, why did you encounter the idea that it was there in the existing legislation? My friend and colleague from Brampton keeps saying: "It wasn't there at all. What we're trying to do is spell it out for you finally." From time to time, I get annoyed but restrain myself, which is very difficult, but you brought it up and I am curious. Was there just a cloud out there and, with the introduction of the original piece of legislation, you felt comfortable, it was entrusted, that this is what your designation was? I do not remember the groups out protesting. I would just like a response to that.

Mr Callahan: Did I say that? They never brought it to the committee. They never got a chance to protest.

Mr Milnes: Under section 9 of the existing act, I think the funds are substantially, if you like, designated for the promotion and development of physical fitness, sports, recreational and cultural activities. Under the amended section, if I read it, it will then be as appropriated by the Legislature from time to time.

I think, to be frank, we are concerned that with all the competing needs for funds—and we readily have admitted that hospital assistance is a key problem in our province—sooner or later a government under the new legislation will say, "I'm sorry; this year we're appropriating \$3 million for sports and cultural activities and \$300 million for hospitals." All we are asking for is some recognition built into the legislation that at least a fair share of these funds will go for the original purposes.

Mr Callahan: I was not even going to get partisan. I was just going to leave it alone, because I have done it so many times.

The Chairman: That is a very good idea.

Mr Callahan: No, no, but I think Mr Cureatz has thrown down the gauntlet.

Section 9, if you look at it, uses the words "to be available." I can make all sorts of things available for you. I could make all sorts of money available for my wife and family. It does not necessarily mean they are going to get it. If you look at the wording, it was very unclear as to what was being made available. It was all being put into the consolidated revenue pot, the same as it will be now, but they did not tell you where it went. They just said it would be available for these things.

All we are doing with this legislation is saying the same thing: It goes into the consolidated revenue pot and it will be available on appropriation by the Legislature. That is basically just budgeting. Each ministry comes in and asks for its share of the pot.

I accept your concern and I accept the concern of a lot of the groups that have come before us—I look forward to hearing from many of the others—that because of the fact that you did not get everything in the past and because you now see the surplus being allowed to be available for hospitals, you have a concern that this government or a future government might give it all to hospitals. That is your concern in a nutshell.

Mr Milnes: In a nutshell, yes.

Mr Callahan: Would you think about it this way, and I would like you to perhaps give me an answer to this if you can. I asked the last group and I



would like to have asked the Toronto group: if the amendments proposed by Mr Farnan were to be accepted, and you had this one third or half or whatever in there, and you had this big pot, what kind of criteria would you set down to ensure that there was equal distribution to all of the citizens of Ontario? Would you base it on population; and if you did that, would that mean Toronto would get more than outlying districts such as my riding in Brampton or Kingston or Kitchener?

Mr Milnes: No. I think our view is that there should be no change in the present method. I am not sure what it is. Perhaps the full-time professionals involved, like Mr Jenkins, would know. But to date, our association has been content with the allocations as we have received them. So someone at Wintario is reviewing the applications and, as far as we can judge, certainly from our perspective and those of other sports governing bodies, has been doing a fairly good job in balancing not only regional concerns but the sports versus the culture versus fitness and other groups.

1600

Mr Callahan: So up to this point you are happy, because many of the groups were saying that they had received only half of what they had applied for and said that all of their applications were meritorious and therefore there was some skulduggery or something going on in the allocation process.

Mr Milnes: Alf, would you like to respond?

Mr Jenkins: I think it goes a little further than just that. First of all, we are a provincial organization and we take things on an individual basis, as you can see in the brief. The funds have been distributed very widely throughout the whole province. On the championship travel it goes to individuals, whether they be in Thunder Bay, Kingston or Toronto; it is on an individual basis.

Mr Callahan: So you do not have to face that problem I have just posed.

Mr Milnes: We do not have to face the sector aspect. If there is a preponderance of people who qualify in Toronto, that is where the funds go.

Mr Callahan: So you do not have to answer that question. But you would have to answer that question, you would agree with me, if there was this big pot, half of the lottery profits, available for culture, sports and recreation. You can be sure, human nature being what it is, that there would be enough applications to empty that pot. Is that not right?

Mr Milnes: Yes.

Mr Callahan: All right, then, when that happens you have a competition for it. How do you determine who gets how much, or how many applications of, say, one per area are worked out in terms of another?

Mr Milnes: Unless I am wrong, that process is in place right now and has been, because someone at Wintario has been allocating the funds. Perhaps we are in a lucky minority where, although we have not received the full amounts we have requested, we have received enough to replace boats and to continue to run these sailing programs throughout the province.

Mr Jenkins: If I could also suggest, not only as far as the funding

is concerned, the restrictions that have been put on it. We have alluded to the fact that a person who should be going to an event now is restricted, no matter what we get, to a 35 per cent amount of funding, not the 60 per cent that was in place two years ago.

Similarly, we talk about the five per cent administration cost. That is completely gone; we do not even have an option on that. The fact is that we get funding that we have to return, because people cannot cope. I could not go to perhaps Hong Kong or wherever a championship event is, because the cost of the other 65 per cent is just unmanageable. So here we are: We get money which is apportioned to us fairly, yet we cannot use it. I cannot blame the kids; they are mostly young people who are in school or just starting off. Here they are, stuck with this funding that says they can get only 35 per cent. How do you deal with that?

Similarly, we have hosting grants that at one time, two or three years ago, or five years ago, we got for a world windsurfing championship \$25,000. Now, the total for about seven events is only \$8,700. If we have the funds, we can certainly work with them; but the problem is the criteria for our distribution are very difficult to deal with.

Mr Callahan: Thank you. Keep the wind at your back.

The Chairman: Thank you very much, gentlemen. If I might add a personal comment in thanking you, I am finding this a very interesting exercise to chair this committee as the various groups come before us. Until you mentioned the fact that there are half a million participants in your organization, little did I realize the vastness of the industry out there. When you reflect on that, I guess it is because we are surrounded by a lot of water in southern Ontario and in addition to that a lot of inland lakes. This is the kind of useful information, from a recreational point of view, that I think the committee will find very beneficial, so thank you very much.

1600

Mr Farnan: Mr Chairman, on a point of clarification or information, I would appreciate some guidance. Mr Callahan's questioning of several delegations has been to ask the delegation: "How will this money be divided?" I find that rather strange, because I think the money will be processed in the same way.

If that is not true, I would like to know that in advance, because Mr Callahan's questioning would suggest that the money is going to be there, the groups are going to have to fight for it among themselves, in the same way as the two thirds or up to two thirds that could be allocated to hospitals or other uses. You do not say to the hospitals: "Here's this global sum of money. Now scramble for it." There is a process and there is a process for these groups; so I think the line of questioning of asking groups what is going to happen for this scramble for cash does not make any sense.

I would like some judgement on that.

Mr Callahan: You caught me by surprise with your amendments that you tabled at such a convenient time.

The Chairman: As the chair, I am not going to comment on the intricacies of how Mr Callahan's mind works. I think he was hanging on every word you were saying with respect to that clarification, so I would submit



that maybe you and he should sit down and sort that out between you. The chair has to stay neutral on a judgement such as that.

Mr Farnan: You are so wise, Mr Chairman.

The Chairman: Alf, would you like one final comment?

Mr Jenkins: My final comment is that anything we will have will be better than what we have presently.

The Chairman: Thank you very much. That is a very good final comment.

Our next presentation is on behalf of Equity Showcase Theatre. For the members of the committee, we have added the word "Equity" to the agenda, if you note. Christine Moynihan, the general director, will be making the presentation. Christine, feel free to start whenever you are ready.

#### EQUITY SHOWCASE THEATRE

Ms Moynihan: Good afternoon, ladies and gentlemen. Thank you for the opportunity to address you today. I am sure that much of what I am about to say will sound familiar, if not, at this point in the proceedings, tedious to you. In some ways it is tedious to me; so much of my time as an administrator and an actor is taken up justifying my existence to the government, to the corporations, to my parents—who, devoted to me as they are, would really like me to get a job with sensible hours and a better paycheque—to the community, and, at the end of some of those 70-plus-hour work weeks with a take-home pay that barely keeps me abreast of inflation and the escalating price of housing, trying to justify my own existence to myself.

So please bear with me as I reiterate a story that I am sure you have heard many times, though it is not the less true for its retelling. I am the general director of Equity Showcase Theatre, now in its 29th year of service to the theatre community. We provide professional development opportunities for actors, directors, designers and technicians. We are the place where people come when they want to learn how and where to start their professional careers. We are the place that working professionals come to to expand their skills and recharge batteries depleted by too many peanut butter commercials and not enough challenging work.

Like most arts organizations, we benefited greatly from the special project grants offered by the lottery funds programs. In 1978, we received our first grant, for the purchase of office equipment: a typewriter, filing cabinets, two chairs and two desks, all of which we are still using today, 11 years later.

A second grant was given to the then general director, Timothy Leary, to attend a course in arts management. A former actor and director, Mr Leary had formidable energy and ideas and a passionate interest in the improvement of the Canadian theatre artist but little in the way of arts management experience. In his 10 years as head of Equity Showcase Theatre, Mr Leary ran a deficit-free operation, forged the organization into an internationally recognized place for the development of the professional theatre artist. He was president of the Toronto Theatre Alliance. He founded and administered the arts community computer network that provided computers, software and training in computer use to 11 small theatres and arts service organizations, years before those companies could have been brought into the computer age if they had to depend on their own operating funds. He was winner of the prestigious

Brenda Donohue award for outstanding contribution to the theatre community. He is now head of the theatre section of the Ontario Arts Council. All in all, he has given Ontario's citizens a tremendous return on their investment of \$186.26 for that first arts management training course.

Other lottery special project grants have enabled us to initiate our first conservatory project in 1983. An intensive eight-week rehearsal period with top-notch directors, including Robin Phillips, and, this year, Sigrid Herzog from the Munich Kammerspeille in Germany, to provide the finest training for working professionals. We also hire the best voice, movement and specialty coaches for these people.

1610

This model of rehearsals married to an intensive training has been so well received that it served as a blueprint for other organizations, most notably Master Class Theatre and now the Banff School of Fine Arts advanced actors' workshop. The Young Company at the Stratford Theatre Festival also runs along much the same lines. Again, a small initial investment has resulted in tremendous and long-lasting dividends.

Two years ago, with the help of another lottery-based grant, we were able to move into new quarters on Dufferin Street in the city's west end. Here we have two large studios, a rehearsal hall, a lobby/meeting place for theatre artists as well as a board room and audition room for use, free of charge, to anyone in the theatre community. This space also houses our own administrative offices.

Aside from our own programming, over 30 theatre companies from across the province, and in fact from across the country, have used our space in the last year, ranging in size from the Canadian Stage Company to the newly created Snake Song Theatre, with rentals ranging from \$350 a week. When we told a company from New York what the rental was, they actually laughed; they thought it was so little. With some of the smaller theatre companies, we get a promise of cookies, a thank you and a program because they have more energy and enthusiasm than financial resources.

Our home has been an old warehouse, and it has become one of the new hot spots for commercial development in Toronto. Now instead of having warehouse space below us, we have upscale offices of architects and designers. Given that it is an old building, we desperately need soundproofing installed so that we no longer have to have to ask Mercutio to please try to die just a little more quietly because they are having a board meeting downstairs.

Finding another home of comparable space and rental in space-starved Toronto is out of the question. Taking the approximately \$20,000 out of our operating budget would mean cutting out entirely either the Showcase program or the conservatory project for this year and depriving literally hundreds of theatre professionals of programs that they desperately want and need.

A project of this sort does not appeal to corporations; they cannot get marketing value out of the money donated. The special projects grants from the lottery funds are needed to fill this gap for us and I am sure for many other organizations you have heard from.

The needs are real; the dividends are high. Every grant that our organization has received from the lottery funds has had repercussions that are felt to this day, and there is no reason to believe that this pattern will not continue.



Like my colleagues, I believe that we are morally, and probably legally—though I, like the others, will leave that question to the experts—entitled to the \$400 million in unspent lottery funds. Like my colleagues, I wish to reiterate our request for a minimum one third of the profits from the six lotteries to be dedicated to culture and recreation.

Yes, we do have tax-based funding, but as I pointed out in my presentation—and this has been stated to this committee by other delegations—the funding is not adequate to our needs. I will remind this committee once again that less than one per cent of the budget of this province is allocated to culture and recreation, and will say, as many have said before me, that this small amount is not enough to meet the needs of the culture and recreation sectors today. It certainly precludes planning any long-overdue expansions and programming.

Which brings me back to where I started: the need to constantly justify our existence. The harrowing aspect of Bill 119, for me, is the spectre of my community, the theatre arts community, being pitted, as it were, against such motherhood issues as the need for more funding to hospitals. Of course we recognize that there are more than legitimate claims from many sectors, including the hospitals, for more money. I certainly recognize that shelters for battered women, dropin centres for street kids, food banks, a thousand more worthy institutions, are desperately short of money; we not only need more will, but more cash to clean up our environment.

I, in the artistic community, recognize these needs and have no wish to be involved in any kind of campaign, cut-throat or no, to win over the hearts, minds and pocketbooks of the public to our side. It would at any rate be a battle we are like to lose.

The arts community in any society is most often considered with some suspicion, if not outright contempt. For the past few weeks, there has been a lively debate in the letters to the editor section of the Globe and Mail, debate on the merits of corporate subsidy to the arts, stemming from an article that stated there should be no such subsidy, going back to a hoary and completely specious argument that if artists or arts organizations cannot support themselves in the free market, they should not exist.

The most fleeting glance at history will tell you that art has always been subsidized, first by the community as part of religious observances, then by the powerful: the pharaohs, the Caesars, the popes, the Medicis and the great oriental potentates.

I need not reiterate the list of great men and women, who changed the face of their particular art form, who died unheralded and in poverty. Art has always needed enlightened patrons. The question for our day is who those patrons will be. In Canada, and everywhere else, for that matter, there are too few Bronfman and Chalmers families.

We look to our political leaders to provide, in difficult situations such as this, not only actions that reflect to their constituency but active leadership. I would ask you to look again at history and note that the most vibrant societies are the ones who did the most to advance the lot of their own people, but were also the ones whose artistic lives were most active.

The Spartans may have kept their people well regulated and even well fed by making sure their military machine was the priority of their society. Despite this, it was the Athenians, with their unruly debates and outspoken

artists, who defeated the more sensible Spartans and whose artists remain inspirations for us these thousands of years later.

Our colleagues in the recreation, sports and fitness sector have spoken of the benefits of a healthy and physically fit population and the actual savings that can be gotten from keeping our population well, rather than spending untold millions to treat lifestyle-induced illnesses.

It is more difficult for us to quantify the benefits of a healthy artistic community. I would ask you to take the long view, to consider the lessons of history, and to exercise leadership in taking what may not be most immediate and popular view, that we must continue to support the arts as vital to the overall health of our society. Yes, we recognize our tax-based funding; and yes, it is not enough. Yes, we recognize the needs of others and do not wish to deny them their due. We ask you to stop now the erosion of funding to the arts.

The Chairman: Thank you very much. Mr Farnan has a comment or a question?

Mr Farnan: I am not sure. I first want to thank you very much for a very excellent presentation. I think you added a dimension that has not been stressed before in terms of the historical support of the arts in enlightened societies. Strangely enough, that might just be an argument that appeals to a government that likes the image of centres of excellence and the Best Ever program.

You may not be aware, but there is a history in the last couple of years of the spectacular, the government associating itself with the spectacular, whether it is a dome or an Olympic Games. In that light, maybe we would see an O'Keefe Centre, where you have this splendid profit-making venture.

What I would like you to comment on is a theme that has come up before. The success of excellence in the arts can only take place if indeed you have a subsystem, a farm system, a building from the ground up. If we are going to have excellence in the arts from Canadian actors and if we are going to develop an appreciation among audiences, and not just the theatre-going audience at the O'Keefe Centre but "audience" meaning the people of Ontario as a whole, then your group and hundreds of other groups will probably play a key role. Would you like to comment on that kind of concept?

Ms Moynihan: The groundling groups like us are absolutely necessary. George Walker's play Nothing Sacred was listed among the top 10 in Time magazine; it was one of the most produced plays in the United States last year and brought him lots of money; a famous Canadian. It took him 15 years of constant practice to write that. Read some of his early plays: some of them are real stinkers. But he needed that time, as does everyone. I mean, Timon of Athens is one of Shakespeare's less stellar works, and he needed time to be able to write The Tempest.

We all need that time, and we need that place to fail. We need the ability to not fill a theatre with a spectacular and sure thing in order to assure those artists of the time to grow. You are not born a great writer, a great actor, a great painter. You need that time to grow. You need some way feed yourself in the meantime.

Mr Farnan: I hear groups saying two things. They want to establish some level of trust with the government, because they feel there has been a



breach of trust with Bill 119 as it stands. I heard groups coming forward and saying: "Stop for a moment. Renew your trust with us, the cultural and recreational body of Ontario. You can do that very simply, by guaranteeing to us a minimum of one third of the lottery funding."

Indeed, in my view there is a measure of generosity in that, because I think what you are also saying to the government is, "You have the capability under our proposal, or the proposal of the alliance, to use up to two thirds of the lottery funding for hospitals or other uses." Would that sum it up?

1620

Ms Moynihan: Absolutely. What I said is we do not want to have to compete against battered women shelters and hospitals head on, because we know they need the money. We also know we need the money and that is why we would like something designated to us.

Mr Farnan: If I could leave you with the motions we have tabled, if you feel your group can support them, maybe you might like to send a letter to the committee outlining why you have supported them.

Ms Moynihan: We will certainly take a look at that.

The Chairman: Are you finished, Mr Farnan?

Mr Farnan: Thank you.

Mr Cureatz: I listened closely. You did not indicate the number of people involved with your association. I ask that periodically when it is overlooked just so that we can get an understanding. Sometimes we just see one person there and we think in terms of, "That's just one person presenting the paper." But with all these groups, everyone is busy. We do not expect them all to come forward and sit here with you. We are just trying to get a feel in terms of the people you are speaking on behalf of.

Ms Moynihan: How many people we serve?

Mr Cureatz: Yes.

Ms Moynihan: Probably in the order of 3,000 or 4,000 people a year come through. We offer classes for professional actors or anyone who is a theatre professional, so there are five segments of classes, five terms of classes over the year. There are 11 classes and probably 20 people in each of the classes. Some of those people come back and forth. We also produce seven shows a year as well.

Mr Cureatz: My colleague pointed out audiences also.

Ms Moynihan: Audiences? Last year we played to over 10,000 people and all of our performances are given free of charge.

Mr Cureatz: Free of charge?

Ms Moynihan: Free to the public. That is part of our mandate. It is not only developing the actors, but also the audiences, so 10,000 people came down to Harbourfront to see us. That has been consistent over the years. We have had somewhere between 85 and 95 per cent attendance at all our shows over the last 10 years, which is how long we have been presenting the shows. The quieter things, the things that are in the background that we think are tremendously important, which are the professional development classes, serve around 2,000 actors each year.

Mr Cureatz: I especially liked your sensitivity in pointing out that pitting the culture and recreation aspects against hospitals, street children and homes for other people who are less well-to-do puts the culture and recreational associations in a very difficult position. I liked your grasp of history, being a bit of a history buff myself, I think you are probably right, that there have always been cultural groups as such, albeit without great, significant recognition.

Pointing to that aspect, my friend and colleague the member for Nickel Belt (Mr Laughren), who is not with us at the moment, had indicated to me various aspects of culture and recreational groups. As a sailing organization was before us, I said to him that it is difficult to get funding from corporations, albeit I am sure they pick and choose what would be appropriate for them in terms of recognition. Looking at the bigger picture, do we have that many corporations in terms of providing that funding? We have to look to the government to take up the slack. I have no problem with that whatsoever.

I was not clear—I think my colleague Mr Farnan had indicated that in your brief you did not specifically say, in terms of the designation of one third, in terms of the lottery fund—

Ms Moynihan: A minimum of one third.

Mr Cureatz: A minimum. You did say that; fine. Of course, all the groups have been saying that and I have been impressed. I have asked periodically. Someone has been doing his or her homework. That takes a lot of behind-the-scenes organization, to ensure that everyone is saying the same thing. There must have been a few hot discussions somewhere about what should or should not be said, but to bury the hatchet and come up with a united front I am impressed with, and obviously everyone is speaking with one voice on the issue.

The Chairman: Christine, I would like to thank you very much, on behalf of the committee, for your presentation. It has been helpful. We have had a number of other theatre groups in and this puts it from a little bit different perspective. That is very helpful.

Ms Moynihan: We are all saying much the same thing; yes.

The Chairman: They are all recommending the same thing, but they are saying things on behalf of quite different groups of people. We are finding it very interesting.

Ms Moynihan: I am sure. Thank you.

The Chairman: Our final presentation of the afternoon is on behalf of the city of North York parks and recreation department and the presenter will be Gordon Hutchinson. Gordon is bringing a colleague along with him and we would appreciate an introduction.

Councillor Sgro: I am councillor Judy Sgro of ward 2 in North York.

#### CITY OF NORTH YORK PARKS AND RECREATION DEPARTMENT

Mr Hutchinson: Mr Chairman and members of the committee, ladies and gentlemen, I understand you have had a number of long days here and today has



been another one. We will therefore try to keep our presentation short and simple, if we can.

Mr Fleet: Winning friends already.

Mr Hutchinson: I want to emphasize that we are here today with the authority and at the direction of North York council, and on behalf of the approximately 560,000 residents of the municipality who derive, either directly or indirectly of course, the benefits of sport, culture and recreation facilities, programs and services. Certainly, we depend heavily, or at least we would like to depend more heavily, on financial support from the government of Ontario.

We recognize there are many different ways presentations can be made and probably you have seen most of the different styles. We respect the types of presentations others have made. Obviously, we could have secured a huge petition with thousands of names or come in with hundreds of people, or we could have brought you many, many letters or have come in with our audio-visual aids, but we chose rather to keep it fairly short and simple, as I said earlier. But we are very sincere in our appeal to your good judgement to influence your colleagues in cabinet and in the Legislative Assembly to rethink and to make significant changes to the present concept as proposed in Bill 119.

Back in July 1986, North York council unanimously expressed its opposition to the proposals contained then in Bill 38, which essentially was the same as the current Bill 119. At that time, at the direction of council, the city clerk wrote to every member of the provincial Parliament and dozens of North York sport, cultural and recreational organizations provided outstanding support by writing either to the Premier, the Treasurer or their local MPP.

Fortunately, Bill 38 was tabled. Little did anyone expect the same proposal, to undedicate the profits of Wintario, Lottario and Instant games from being used exclusively for culture, sport and recreation purposes, to rise again approximately two years later, only this time, in our opinion, in an insidious manner of pitting hospital and health care against cultural, sport and recreation purposes.

In our opinion, this is calculated and deliberate deceit of Ontario residents by trying to make it appear that they have to make a choice between the two purposes, and of course assuming that no one would dare to oppose spending on health care.

We hope you have made careful note of the Parks and Recreation Federation of Ontario's presentation to all members of the provincial Parliament in August 1988. The federation points out that in 1988, only \$41.2 million was made available for culture, sport and recreation purposes. If that money had all been spent on health care, every penny would have been gobbled up within a 33-hour period. We do not think this would have been an effective use of the much-needed funding for the intended purposes.

Unfortunately, I am not aware of any positive or irrevocable facts and figures being available that can clearly prove the dollar value of wellness care compared to sickness care. However, it is a known and accepted fact that sport and recreation participation in physical activity does promote healthy bodies and physical wellbeing and does reduce physical health care spending.

The enjoyment, the sense of achievement, the sense of satisfaction derived from participation in culture and recreation activity does contribute to the reduction in mental health care spending. Also, and again in an unmeasurable manner, participation, particularly by children and youth, in activities that bring people from diverse cultural and ethnic backgrounds together in culture, sport and recreation activities contributes enormously to racial harmony and understanding, compared to the cost of policing racial strife.

1630

The old concept of hard services being more important and valuable than those that are labelled soft services is a myth that was displaced years ago but continues to linger with the misinformed. Money spent today on facilities, programs and services of a cultural, sport and recreation nature will pay big dividends in the future. We need government decisions now that take into consideration the long-term benefits for the future.

We do not wish in any way for the following comments to be disrespectful, but in this rapidly changing world, many persons in leadership roles are not, and actually cannot be expected to be, entirely up to date on changing circumstances in every municipality. I often become concerned when the circumstances in London Centre, represented by the Premier (Mr Peterson), or perhaps the circumstances in Brant-Haldimand, represented by the Treasurer (Mr R. F. Nixon), are entirely different kinds of situations from those in which we would find ourselves in the city of North York or that other municipalities in the greater Metropolitan Toronto area might find themselves in.

We therefore are going to ask if you would bear with us to try to take a little bit of an imaginary trip into the city of North York so that you will understand why your decisions are so very important to us, recognizing that probably our situation is not unlike that which would exist in perhaps Scarborough, the city of Toronto, Mississauga and other municipalities in the greater Metro area.

North York is the second-largest municipality in Ontario with 560,000 people, and is only about 10 per cent smaller than the city of Toronto itself. We are one of six municipalities that comprise Metro Toronto.

I would like you to keep this next figure in mind as we go through some other comparisons: We only represent 23 per cent of the population of Metropolitan Toronto. With that kind of figure in mind, does it surprise you to know that more than 55 per cent of all subsidized housing administered by the Metropolitan Toronto Housing Authority is located in North York? Obviously, we have a very disproportionate share of subsidized housing.

The people who reside in this accommodation are economically disadvantaged. They do not have cottages, boats, fitness club memberships and other recreational outlets except those provided by community and municipal agencies located in parks, community centres and schools. In most cases, any user fees must be either nonexistent or significantly subsidized. It places an enormous burden upon the local real estate tax base to build, operate and maintain facilities, programs and services that economically deprived persons are entitled to have available to them. We need strong, significant and reliable support from the provincial government to help us meet these needs.

The city of North York has the second-highest percentage of older adults



per capita in Metropolitan Toronto. Statistics derived from the census in 1986 indicate that approximately 26 per cent of the total population of North York was 55 years of age and over. Furthermore, as the adult population, 25 to 54, presently constitutes over 40 per cent of the total population, it is projected that by the next census reading the city of North York will experience the most significant demographic adjustment of any municipality in Metro. By 1996, it is anticipated that approximately 31 per cent of the total population of North York will be 55 years of age or over.

North York is recognized as having one of the most diverse ethnic populations in Metro Toronto, and I will be making a few other comments on that shortly. This factor is most significant when related to the older adult population, aged 65 plus. According to a study completed by the city of North York public health department in 1985, almost 50 per cent of the older adult population aged 65 and over was born in countries other than the United Kingdom or Canada.

The cost of providing facilities, programs and services for a rapidly ageing population is enormous and will cause a difficult financial challenge for the future.

As I said earlier, it is acknowledged that Metro Toronto is a culturally diverse municipality with a wide-ranging ethnic mosaic. Based on 1986 Statistics Canada information—this again is where I go back to the 23 per cent factor, recognizing that North York represents 23 per cent of the population of Metro—North York has 43 per cent of the population of Metropolitan Toronto that identifies Italian as its mother tongue. Unfortunately, people get the impression that if you live around St Clair and Dufferin in the city of Toronto, that is where the Italian population is. I can tell you that the city of Toronto has only 18 per cent of the Italian population of Metro; we have 43 per cent.

Similarly, 72 per cent of those who identify their mother tongue as Russian live in North York; 40 per cent Arabic; 38 per cent Finnish; 38 per cent Hungarian; 37 per cent Spanish; 31 per cent Punjabi; 27 per cent Dutch; and as far back as 1986, 21 per cent Chinese, and we know that has increased significantly in the past three years.

We contend that people who leave their original cultures rightfully expect facilities where they can carry on with traditions and meet with their own kind, if not only for cultural activities and unique traditions, then for recreation participation or regular religious services or special feasts and celebrations. In many cases, the local community recreation centre is the only available space that can even come close to meeting these expectations.

We are not aware of any source of comparative figures, based on skin colour, other than the mother tongue information. Since the vast majority of Caribbean immigrants have English as their mother tongue, we have no statistics available as to numbers. However, it is reported that immigrant landings from the Caribbean and Guyana during the years 1983 to 1987 totalled 30,144 persons. The next highest number of immigrant landings during the same period was only 12,989, from Hong Kong. It follows that North York has a significant Caribbean population who also have sport, recreational and cultural service expectations that the municipality must endeavour to fulfil, again pointing out that we need strong, significant and reliable financial support from the provincial government to help us meet these needs.

Many of our indoor and outdoor pools, arenas and community centres were

originally constructed in the late 1950s and throughout the 1960s. They are reaching 20 to 30 years of age, necessitating roof replacements, extensive exterior repairs, new heating plants, new electrical panels, filtration pumps, rink boards, arena floors, compressors and a host of requirements for maintaining and renovating ageing facilities. The cost is enormous, and of course at the same time, new and expanded redeveloped facilities continue to be required and funded at the same time.

A further costly complication continues unabated. When many of our other facilities were originally built, such as ball diamonds and football and soccer fields, again primarily in the 1960s, they were constructed as nonregulation facilities to meet the needs of children. In the 20-plus years that have followed, these children of course have become adults. Combined with the trend for sport participation as part of the healthier lifestyles of young adults, we are continually facing the tremendous cost of redevelopment of these facilities to meet adult requirements, including the provision of floodlighting for extended night play and parking spaces as well as washrooms and change rooms. The challenges and the costs are enormous. We need help on an annual basis.

It could be that some of you might be inclined to say: "Hold on there for a minute. Money from lottery profits in past years was only available for planning, leadership development and capital projects, and not for programs and services." In this respect, I would certainly indicate that you are absolutely right, but let me give just a simple example to point out how money is so very important to us.

Under the present formula, a capital project such as a community recreation centre can receive, if the project is granted funding assistance from the Ministry of Tourism and Recreation, one third of the first \$1.5 million and one tenth of any cost over that.

Let us assume that North York were to proceed with a needed project—say we use the same figure—at a cost of \$1.5 million. If we received a provincial grant according to the formula, we would only need to borrow \$1 million of that, which at today's interest rates would cost on debt repayment \$2 million over the next 10 years. If we do not receive provincial assistance and we proceed as we probably would have to do anyway, we would have to borrow the entire \$1.5 million, and therefore over the 10 years of repayment costs, costing us \$3 million. Thus we lose \$1 million in debt retirement and interest charges that could have been used for programs, services and support for the many cultural, sport and recreation needs.

#### 1640

Let us report then what the actual dollar situation has been in the past five years. The city of North York, through the parks and recreation department, has spent or is already committed to spend \$24,577,200 on major capital projects for cultural, sport and recreation purposes. The provincial support we received was \$2,197,417 in grants, which represents less than nine per cent assistance, when it should have been at least some \$8 million on the one-third formula.

I was going to make a comment, although we spoke to one of your committee members beforehand and we gather that perhaps this is not valid, but we are concerned that Mr Nixon is holding what was reported in 1988 to be \$369 million. We presume it is probably closer to \$400 million in 1989, and contend that this could have been made available over past years to arts, culture,



sport and recreation organizations and particularly to municipalities to reduce expenditures and reduce borrowing costs of debentured funding.

In October 1987, North York council again made known to the Premier, the Treasurer and all members of cabinet, its extreme disappointment over the lack of assistive funding for several essential projects that we were proposing. Once again in September 1988, North York council pleaded with the province to realize the need at the local municipal level for more realistic financial support, and here we are again in September 1989 repeating this urgent message.

Provincial government leaders have to be more in tune with the financial realities within their constituencies and recognize the plight of the people expecting and demanding facilities, programs and services from their local councils. These people are Ontario residents, as we know, and it is their money, voluntarily contributed to the province through the purchase of Ontario Lottery Corp tickets. These funds should be returned to the people of Ontario in accordance with the current section 9 of the Ontario Lottery Corporation Act.

Let me, if I may, make one final point. Our remarks have been in reference to the proposals of Bill 119 and therefore we have been referring only to the use of funds derived from the profits of those three lottery games. However, the matter of provincial financial support to municipalities for culture, sport and recreation is even more complex. Your committee's decision and recommendations on Bill 119 must be made, in my opinion, with full awareness of the total picture relating to this subject.

Under existing legislation, Ontario regulation 517 provides for the intent to give assistive funding to municipalities on an annual basis towards the ongoing costs of recreation programs and services. Under regulation 517, the city of North York should be entitled to \$15,000 per year from the province. Although this is a puny amount in a \$43-million annual parks and recreation department budget, the principle of right and wrong still applies. Due to insufficient provincial funding for regulation 517, the last year that we received our full entitlement of \$15,000 was in 1983. Since then, the amount has been only \$9,720 in 1985; \$8,700 in 1986; \$8,900 in 1987; but only \$6,000 in 1988. In our opinion, this is a deplorable situation and should be taken in context with proposals outlined in Bill 119.

Furthermore, under the existing legislation the province has the Community Recreation Centres Act, which provides a formula for assistive funding towards the capital construction costs of municipal recreation facilities. In the fiscal year 1977-78, the province funded through that act more than \$19 million towards municipal recreation facilities, and that was over and above any funding assistance from lottery profits. For reasons unknown to municipal recreation officials, decreased funding under the Community Recreation Centres Act began in 1978-79, and as of fiscal year 1985-86 absolutely no funds are available from the province despite the legislation continuing to remain in effect.

In terms of real dollar value to the city of North York, we received \$600,000 from this provincial source in 1981. It dropped to \$450,000 in 1982; \$180,000 in 1983; and \$150,000 in 1984. As of 1985 and thereafter, no moneys have been available to North York or any other municipality under the Community Recreation Centres Act. This too is an unfortunate and deplorable situation and should be taken into account in terms of the proposals of Bill 119.

We have tried to share some honest facts with you in light of the many unusual circumstances which we find in the city of North York relating to financial needs to provide cultural, sport and recreation facilities, programs and services for our citizens. Similar circumstances exist in most other municipalities.

Throughout Ontario there is an absolute need for realistic and reliable funding to meet needs and expectations of the people. In these demanding times of ageing population, changing styles of healthier living, ageing facilities and the cultural and ethnic mosaic of communities, we need more provincial assistance, not less.

The city of North York, through its elected council on behalf of our residents, gives full support to the position of the Parks and Recreation Federation of Ontario and the Alliance to Protect Culture, Recreation, Sports and Fitness in Ontario—I do not think I even need to read the two points; you know them—that we would like the interest from the accumulated money to be used for special projects, as it has suggested, and one third of the profits from all six lotteries, in accordance with the terms of the present Ontario Lottery Corporation Act.

Thank you very kindly. If I may, I will turn the matter over to Councillor Judy Sgro, chairman of the parks and recreation committee.

Councillor Sgro: Thank you, commissioner. I am sure that at the end of these hearings you have heard an awful lot of written reports, so we kind of did a good job and put ours all together in the one.

What I would like to stress to you today is how important it is to listen to the people who are coming before you. It was probably a good exercise for me, as an elected representative, to come down and have to speak to someone else for a change. I almost thought: "What's the use? No one is going to listen." It reminded me about all the taxpayers who come to North York council and think: "What's the use? Nobody is going to listen."

We have a responsibility as elected officials to listen. It is important that we make the right decisions, and what are before you are not easy decisions to make. Everybody needs more money today; there is no doubt about it. But as a member of the Humber Memorial Hospital board of directors, we also need more money for hospitals. I have always felt that more of those lottery moneys should be going to hospitals, but on the other hand, I think the fitness, cultural and recreation ideas are part of the whole wellness idea.

We do not have room in our hospitals to continue taking on the very expensive patients and all the health care, so I think we also need to be looking at other avenues, which our government is looking very carefully at the moment. I think that recreation is another way of reinforcing the wellness idea, giving people something to do and putting stress on different ways you can get out there and exercise to be more physically fit and hopefully keep them out of the hospitals so that we can save some money on the other hand instead of having more and more people into the hospitals.

If you were to see fit to endorse the Parks and Recreation Federation of Ontario recommendations for a third of the ongoing profits to go to culture, I think at that point we would be trying to give a balance and that we at least would be able to run some programs. We have to know what we are going to have each year. We have to know that we are going to be able to count on reliable support from the provincial government in order to build other facilities and



maintain our programs. We cannot just wait and see what we are going to get each year, because we just cannot plan our future in North York and how we can serve our residents.

I wish you good luck with your decision and I would certainly appreciate it, on behalf of the city of North York, if you would see fit to forward our recommendations on.

The Chairman: Thank you very much, Judy and Gordon, for your excellent presentation. I have three people listed here who wish to comment or ask questions. Before I do that, I would like to apologize, as chairman, for not reading your titles into the record at the beginning. I did not flip to the front of the presentation until after I had introduced you.

I would like to emphasize again that Judy Sgro is a councillor from North York and chairman of the North York parks and recreation committee, and Gordon Hutchinson is the commissioner of the parks and recreation department for that municipality.

1650

Mrs Marland: One thing that our chairman has been saying this week is that the really excellent presentations never leave us any questions because, and probably especially for the members of our Progressive Conservative caucus, we are in complete agreement with what you are saying. But I agree, Judy, when you say it is important that you come here as any deputation does and say it. We do have an obligation, as elected people representing people. We have a very real obligation to listen.

We are not optimistic that this bill will be amended to meet the requests of all the groups. I did not sit on this committee last week, but I do not think there has been a single deputation before this committee supporting the bill in its present form. Even though the government members of this committee, certainly as on all committees—and I am sure being an elected official you understand this process very well—may have individual opinions, they do not have an opportunity to give that final input into changing bills. It is only ministers who hand down amendments to government bills.

We may hope that the current minister—

Mr Fleet: That is not the whole story, Margaret.

Interjections.

Mrs Marland: Well, as soon as you start to hit home with the comments you get the heckling, but I welcome their input if they can make the kinds of amendments that Bill 119 needs in order to meet the requests that you have put forward on behalf of the people of North York. You did make an excellent presentation today. It is quite revealing to consider the figures that you gave us and I was particularly interested that—if I have it right—23 per cent of the Metropolitan Toronto population is in North York, and 55 per cent of Metro's subsidized housing is in North York.

I am from the city of Mississauga, where we have a continual competitiveness between Mayor Hazel McCallion and your excellent mayor, of course, Mel Lastman; two dynamic mayors in growing communities who face the same kinds of problems. When you have that high level of subsidized housing, North York is certainly doing more than its share and I can appreciate that

you need all the help that you can get to provide those much needed programs in preventive medicine. Thank you for being here.

Mr Cordiano: I am so happy to hear from Margaret Marland. The fact remains that when I make my submissions to the government for additional funding for my area I am sure she is going to be there to support my cause. I will call on you at that time to support my initiatives when I need to lobby my own government for those kinds of efforts.

I might say to you, Mr Hutchinson, that you have prepared an excellent insightful report on what is happening in North York and it is something that we have all been aware of. When I say we, I mean those of us who are familiar with North York. Certainly this puts it on paper and makes it very clear. It is a demonstrative example of the kinds of things that elected representatives have been saying over a period of time now and of some of the efforts we have been making to increase the funding for facilities in North York on an ongoing basis at the provincial, federal and your level. I know that certain things have been coming forward, but certainly it is not enough.

I would like to get back to this brief and ask you about the figures you presented with respect to spending that was committed or—

The Chairman: Could you give us a page number, Mr Cordiano?

Mr Cordiano: Yes, I am just going to allude to that. On page 9 you say that \$24,577,000 is committed to or about to be spent on capital projects and that over the five-year-period you are referring to, nine per cent of that assistance was from the province. Can I ask you what was happening prior to that five-year-period? Do you have any figures with respect to that? Were there a lot of facilities being built at a time when North York was expanding, at a time when population growth was taking place in North York?

What I am trying to get at here is a different period. We had a growth period and now we have a kind of situation in the city of North York where it is an older, ageing infrastructure which needs to be repaired and upgraded.

Mr Hutchinson: The reason I went back only five years, in other words back to 1985, was partly that those records were reasonably readily available at the office and I did not have to go back into the dead storage; that was part of it. The other reason, however, was the fact that prior to 1985, as I alluded to a little later on in the presentation—and I am sorry I do not know how much money we did get from lottery profits prior to 1985. Certainly some, no question, never enough obviously, there never is, but the point was, we were getting CRCA money back through 1984 and before. So that is why I was making, in essence, a comparison that we—

Mrs Marland: Excuse me. What is CRCA?

Mr Hutchinson: It is the Community Recreation Centres Act. Within that act there are provisions that a municipality may build a facility and if you build, let's say, just one outdoor swimming pool for example, you would be entitled to \$75,000 provided that that was more than one third of the cost. Of course, obviously, it would be. But if you built a pool and a gymnasium for example, then you could get \$150,000 and if you built three components, you could get as high as \$225,000 on a project.

In the case of a community centre with a gym, multipurpose rooms and outdoor pool or indoor pool, you could know the minute you have built it, you



are guaranteed \$225,000 plus some Lottario money. So that was partly the difference in the years. I was really strictly going where we were totally dependent on Lottario money, in other words, rather than tax money as such.

Mr Cordiano: We are talking about capital spending. Of course we are not talking about ongoing programs, initiatives, etc.

The other thing I wanted to ask you about was with respect to the Metropolitan Toronto Housing Authority. They have additional programs in conjunction with the department of parks and recreation. Is that true? How does that fit in?

Mr Hutchinson: Yes, Mr Cordiano. They do provide some additional services. I do not know the exact total number of different units but they are spread throughout the municipality. We, and I am sure you people here whether you are familiar with the Metro Toronto area or not, practically everybody in the country knows, of course, of Jane-Finch. We feel very badly on behalf of the Jane-Finch residents because they do get triggered within about two miles. If anything happens within two miles of the intersection, it is Jane-Finch. But I can tell you that the problems within North York are just as great in Caledon or Lawrence Heights or Flemington Park or the Brahms or the Peanut, but Jane-Finch is the one that is named.

But in all of the units, for example, they only operate four outdoor swimming pools in the summertime. All the rest of the pools that are operated are paid for or funded by the city, and the residents of those living units use those public facilities. While they do have some limited recreation programming and a bit of a breakfast club that is sponsored by one of their staff, it is a very limited, very insignificant contribution.

Mr Cordiano: One final point, Mr Chairman: I know that you allude to the figures with respect to subsidized housing, but I do not want the committee to be left with the impression that, and I would like a clarification from you, with respect to subsidized housing, we are specifically referring to Metro Toronto Housing Authority units and not all subsidized housing when you referred to that figure.

Mr Hutchinson: Sir, I am referring only to MTHA. If there are other subsidized housing units, then they are not included in that percentage.

Mr Cordiano: Right, because I know in the city of Toronto we are talking about city hall and we are talking about a number of other institutions which also have subsidized housing available. I just want to clarify that part for the rest of the committee members.

Mr Farnan: I really have a comment to make on the presentation, rather than a question. I believe that in your remarks you hit upon the key and the central issue as it stands right now. You talked about the idea of listening. I am reminded that the Honourable Mavis Wilson had a book on seniors recently called "Are You Listening?" It is a wonderful book published by her in her former ministry.

I think that is the question that has to be asked of the government now. The terms have been clearly drawn. The alliance has basically set out its demands. It has been reinforced by how many groups I do not know.

1700

The Chairman: There have been 57 groups.

Mr Farnan: So 57 groups have come before us with wonderful briefs and have reinforced the demand. I would commend you on the brief in which you gave us the vignette or the canvas on which you painted the exciting area of North York. I think you represented your community extraordinarily well today.

But the question comes down to listening. I think the third party members and the official opposition members are supportive of the cultural and recreational groups. The question now comes down to whether the government is listening. My mind casts back to the summer days of 1987 and the Premier (Mr Peterson) wandering around the province, shirtsleeves rolled up, tie slightly undone, reaching into the crowd and saying: "Trust me. I am for open and accessible government. I am the sort of guy you can come to and I am going to listen to you. That is the sort of guy I am. That is the sort of government I am going to have."

Indeed, his very first act was on the steps of the Legislature when he, I believe, swore in his cabinet outdoors to give the impression that this was an accessible and open government. I have to say at this particular stage that we have gone through the Sunday shopping exercise in which all the groups came forward and said, "Don't do it." We have gone through Bill 162 and the groups came forward and said, "Don't do it." We have had court security and now we have this.

My New Democratic Party colleague and myself have put forward, tabled motions that addressed the requests of the alliance and the groups. We are even prepared to say we will withdraw this motion if any government member is prepared to present. Maybe the government would like to have that generosity of spirit itself to say, "We have listened and we will do it."

We do not want, as New Democrats, simply to say, "We are taking this because we want to put it forward." We are going to offer it to the government. Here is what the groups are asking you. We are prepared to withdraw to allow any government member who has been here for eight days and listened to 57 groups. If you have been listening and if you have the courage to say, "Okay, I will take these motions and table them," I offer you the opportunity.

I think the groups now, day after day after day, have to come to this committee and say to the government, "Are you listening?" That is the most critical question. I am not going to prejudge whether the government is listening. But there is an old saying which says: "I'm not deaf. I'm just not listening." Unfortunately, I have the apprehension that what we are going through now is the facade we went through with Sunday shopping and with Bill 162.

It is terribly unfortunate because we have super briefs and there really is no excuse because I think what the groups are saying to the government is, "Don't break trust with us. Give us a minimal guarantee. If you do need these additional funds, you have up to two thirds of the funds of lotteries." The groups are saying that is okay. They recognize that is necessary but, for goodness sake, keep faith with the cultural and recreational community.

The question now is whether the government is listening. We are going to go through day after day, and I hope that the groups that come here will ask that question: "Are you listening?" Ultimately, we will know.



The Chairman: Thank you very much for winding up with that useful comment. I would like to thank you, Judy and Gordon, for your fine presentation. I apologize for keeping you a few minutes longer than we should have, but I really did not want to interrupt Mr Farnan. Thank you very much.

Is there any further comment or question by the committee before I adjourn until tomorrow morning? We are hereby adjourned until 10 o'clock.

The committee adjourned at 1705.













3 1761 11468072 1